ROYAL COMMISSION ON SHIPPING RINGS.

REPORT.

OF THE

ROYAL COMMISSION ON SHIPPING RINGS.

WITH

MINUTES OF EVIDENCE

AND

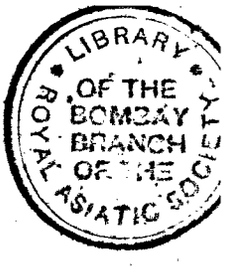
APPENDICES.

VOL. V.

REPORT OF SUB-COMMISSION UPON EVIDENCE TAKEN IN SOUTH AFRICA, WITH MINUTES OF EVIDENCE AND APPENDICES.

PART I.—Report.
PART II.—Appendices.
PART III.—Minutes of Evidence.

Presented to both Houses of Parliament by Command of His Majesty.



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PART I

REPORT OF SUB-COMMISSION

UPON

EVIDENCE TAKEN IN SOUTH AFRICA.

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At a meeting of the Royal Commission on Shipping Rings on the 17th December, 1907, it was decided that the Summary prepared by the Sub-Commission of the evidence which they had taken in South Africa should be published.

A. COHEN,

Chairman.

J. A. WEBSTER,

Secretary.

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ROYAL COMMISSION ON SHIPPING RINGS.

REPORT OF SUB-COMMISSION

UPON

EVIDENCE TAKEN IN SOUTH AFRICA.

SIR,

WE have the honour to lay before you the report of the evidence which in accordance with the instructions of the Commission we have taken in South Africa. Our instructions do not require us to offer any comments upon this evidence, nor does it appear to us to be advisable that we should state our conclusions as to the chief matters of controversy or submit recommendations. We think, however, that it may be of service to the Commission if we state the general nature of the evidence given, and draw attention to those portions of it which appear to us to be most deserving of consideration. While by no means an exhaustive summary of the evidence, such a statement, we think, may be of use as an introduction to the large body of evidence which we have taken.

I.

INTRODUCTORY.

(i.) CORRESPONDENCE BETWEEN SIR D. CURRIE AND PREMIERS OF CAPE COLONY AND NATAL.

1. Before leaving England, we were furnished by the Union-Castle Company with documents containing, *inter alia*, correspondence between Sir D. Currie and the Premiers of Cape Colony and Natal and other gentlemen in South Africa, with regard to (*a*) the claim of Natal for a reduction of the rates to Durban as compared with the rates to the Cape ports, and (*b*) the proposed alterations in the rates and in the amount and period of the rebate which, as you will remember, came into effect on the 1st July last. These documents are printed as an Appendix, and will be found to contain a history of the negotiations which passed between the Colonial Governments and the Conference Lines from the date of the London Conference down to the end of June last. App. II.

(ii.) TOWNS VISITED AND WITNESSES HEARD.

2. We held in all 19 sittings, and examined 53 witnesses. The towns in which we heard evidence were, in order of date, as follows :—Port Elizabeth, East London, Durban, Johannesburg, Bloemfontein, and Cape Town.

3. At Port Elizabeth we heard five witnesses, among whom were Mr. Mosenthal, who represented the London Chamber of Commerce and the South African Merchants Committee at the Conference of South African Delegates in London, in December, 1905, Mr. Kayser, Chairman of the Chamber of Commerce, and Mr. Frielinghaus, Chairman of the Produce Association. According to the statement submitted by Mr. Kayser on behalf of the Chamber of Commerce, the Chamber were opposed to rebates in any form. This statement had been Kayser, 218, 248

adopted at a meeting of the Chamber by 29 votes to 9. Evidence was given by Mr. J. C. Martin on behalf of the minority of the Chamber in support of the rebate system.

R. H. Price, 920-932.

4. At East London the Chamber of Commerce, owing to division of opinion among members, were unable to offer any evidence as a Chamber; but we had the advantage of hearing the views of both sections, the majority of 14 being represented by the Chairman, Colonel Price, C.M.G., and the minority of 10 by Mr. Nisbet, an Ex-Chairman of the Chamber. We also received valuable evidence from Mr. Gasson on behalf of produce exporters and from Mr. Lerchen as to the carriage of coal by the Union Castle Company.

Earle, 1900.

5. At Durban a meeting of the Chamber of Commerce had been summoned to consider the evidence to be given before the Sub-Commission, but as those who attended did not constitute a quorum no evidence was submitted on behalf of the Chamber. Several members of the Chamber however appeared before us to express their own views. Evidence was also given by Mr. Earle on behalf of a large section of the produce exporters of Natal, and by the Rev. J. Scott, who appeared before us to state the opinions of the Agricultural Union of Natal as to the rates on wattle-bark. Mr. Hedley Salmon, Secretary to the General Manager of the Natal Government Railways, and Captain Rainnie, the Port Captain, gave evidence on behalf of the Government of Natal.

Hosken, 4017, 4020.
Park, 4332,
App. III. (*e*)
App. III. (*c*)

6. At Johannesburg we heard the evidence of representatives of the Chamber of Commerce, who also spoke for the Krugersdorp Chamber of Commerce, and of the Chamber of Trade and the Chamber of Mines. We were also informed that the Pretoria Chamber of Commerce agreed with the views expressed by the Chambers of Commerce and Trade. The Germiston Chamber of Commerce forwarded to us a copy of a resolution which they had passed suggesting the abolition of deferred rebates by legislation. Mr. J. W. Honey, Collector of Customs, appeared on behalf of the Government of the Transvaal, and very valuable evidence was given on behalf of the Central South African Railways by the General Manager, Mr. T. R. Price, C.M.G.

7. At Bloemfontein representatives of the affiliated Chambers of Commerce of the Orange River Colony were examined. We had also the advantage of hearing the views of several members of the Central Farmers' Union and of a number of up-country storekeepers from several districts of the Colony, whose interests were not represented by the Chambers of Commerce. Evidence was also given by several Government officials. We desire to call special attention to that given by Mr. Du Maresq as regards the rates on live stock, and by the Colonial Secretary, Mr. H. F. Wilson, C.M.G. The latter stated the views of the Government of the Orange River Colony on the general question, and furnished us with a valuable narrative of the chief events which have happened since the London Conference.

App. III. (*a*)

8. At Cape Town the Chamber of Commerce did not send a representative, but they submitted a statement of their views. We had, however, valuable evidence from three members of the Chamber, Mr. Jagger, Mr. Garlick, and Mr. Spilhaus. On behalf of the Government, evidence was given by Sir Somerset French, K.C.M.G., the Postmaster-General, and Mr. Charles Cock, the Chief Railway Storekeeper.

(iii.) Efficiency of Service of Conference Lines.

Kayser, 297.
Frielinghaus, 548.
Gasson, 866.
Nisbet, 1236.
Sellar, 4314.
T. R. Price, 4914 (*a*), 4967.
Honey, 4633.

9. Turning to the evidence itself, we desire in the first place to record the complete satisfaction which all the witnesses expressed as to the regularity and frequency of the sailings and the general efficiency of the service supplied by the Conference Lines. Some witnesses even went so far as to say that the ships were too good and the sailings too frequent. We reserve, however, our references to the evidence on this head for a later part of this report.

(iv.) Disposal of the Rebate.

10. We were also instructed to inquire who gets the benefit of the rebate both in the outward and in the homeward trade. We desire to preface our remarks on this point by stating that in our opinion no widespread grievance among

importers or exporters in South Africa exists with regard to this question. The general rule appears to be that the merchant in South Africa gets the rebate. The reason of this, Mr. Spilhaus thought, was that the South African merchant, whether an importer or exporter, was, as a general rule, the initiator of the transaction. R. H. Price, 933-35. Nisbet, 1167. Pollitzer, 2441 Park, 4339. Spilhaus, 7279.

11. There are, however, exceptions to this in the case both of outward and homeward shipments.

(*a*) *Outward Shipments.*

(1.) Cases in which special arrangements are made between the importer and the shipper as to the disposal of the rebate. Mr. Jagger informed us that he knew of two cases where the arrangement was that the shipping agent should retain half of the rebate. Pollitzer, 2441. Garlick, 6739. Spilhaus, 7279. Jagger, 6450.

In cases where the importer has a London house the disposal of the rebate is of course merely a matter of book-keeping.

(2.) Cases where goods are bought on c.i.f. terms. The rebate in these cases is retained by the seller. Pollitzer, 2441. Spilhaus, 7279-81.

(3.) Cases in which an up-country merchant or farmer has imported goods through a merchant at the coast. In some of these cases a definite agreement is made as to the disposal of the rebate. Where no definite agreement is made the rebate is usually retained by the importing merchant. Mr. Garlick told us he knew of a case of this kind in which a farmer had felt aggrieved that the rebate was not paid over to him by the importing merchant. Garlick, 6739.

(4.) Cases in which small up-country storekeepers importing casual consignments directly have not received the rebates. In the cases of this kind which were brought to our notice some importers appear to have been ignorant or doubtful of their rights in the matter; others, after applying for the rebate and not receiving it, did not press the matter any further. Some of our witnesses thought that the existence and the working of the rebate system were now so well known in South Africa that it was unnecessary to make special provision for such cases. It was, however, suggested by others that the shipper should be required to state in the Bill of Lading whether a rebate was payable and, if so, to whom. Nisbet, 1173-75. Hosken, 4034. Torbet, 5472-79. Whittal, 6391. Garlick, 6740. Nisbet, 1171. Cape Town Chamber of Commerce, App. III. Torbet, 5479. Jagger, 6449.

(*b.*) *Homeward Shipments.*

If the goods have been consigned for sale to the European house of the exporter, the disposal of the rebate depends, as in the case of outward shipments, on the financial arrangements made between the two houses. In the case of goods bought and exported at a quoted price or on commission, it appears that the rebate is retained or not by the exporter according as it has or has not been taken into account in the price quoted or commission charged. There would in most cases be a definite arrangement or understanding between the exporter and the consignee as regards the disposal of the rebate; but Mr. Nisbet thought that in a good many cases the European importer was unaware that a rebate was given. Mosenthal, 80. Nisbet, 1173-75.

II.

EXPORT TRADE.

(i.) Working of Rebate System in Export Trade.

12. Our instructions required us to ascertain by means of what documents the rebate system is worked in the trade from South Africa to the United Kingdom. A copy of the rebate circular in the homeward trade was furnished to us by Colonel R. H. Price. It is in similar terms to the circular in force with regard to the outward trade prior to the modifications made on the 1st July. It should be noted, however, that it embraces the trade to the United States and Canada as well as to the United Kingdom. The other documents used, it appears from Mr. Frielinghaus' evidence, are, with certain qualifications, the same as those in use in the outward trade. App. IV. (*a*) Frielinghaus, 536-543.

(ii.) Produce.

Frielinghaus, 591-93, Earle, 1834-39, Kayser, 326, 330.

13. We would next invite attention to the satisfaction with the present state of affairs which, on the whole, prevails among merchants exporting produce. Excluding gold and diamonds, the produce exported, consists chiefly of wool, mohair, feathers, mealies, and wattle-bark.

Frielinghaus (brief), Gasson, 798-99.

14. Mr. Frielinghaus and Mr. Gasson, on behalf of produce exporters at Port Elizabeth and East London respectively, stated that they were opposed to any alteration in the present conditions of sea-carriage, and Mr. Earle who spoke for a large section of produce exporters in Natal appeared to be quite satisfied. Mr. Gasson, it may be mentioned, expressed the hope that in the course of our inquiry the produce export trade and the import trade might be dealt with independently of one another. This general satisfaction of the produce exporters appears to be due partly to (a) a belief that they are fairly treated and well served by the Conference Lines, and partly to (b) a belief that the rebate system is the only means of securing for the export trade (in wool) certain conditions which are looked upon as essential, viz., regularity of sailings and fixity of rates.

Gasson, 825. c.f. however R. H. Price, 1034.

As regards (a) we desire to refer to the following instances:—

(1.) *Reduction of Rates.*

15. Mr. Earle informed us that since the establishment of the Conference there had been continuous reductions in the rates of freight on produce exported ranging from 25 to 50 per cent. A list of these reductions will be found in Appendix VIII.

(2.) *Encouragement of Trade.*

Earle, 1841-43.

16. As regards mealies we were informed that, owing chiefly to the influence brought to bear on the Shipping Companies by the Government of Natal, the trade has received encouragement by a welcome reduction of the freight from 17*s.* 6*d.* to 10*s.* per ton, the latter charge being inclusive of shipping (1*s.* 6*d.* per ton). It is hoped that this reduction, which was first granted to Natal but has since been extended to the other South African Colonies, will largely increase the export of mealies to Europe.* We were also informed that the Conference Lines had promised to encourage the export of fruit by granting low rates.

Nisbet, 1376-77.

(3.) *Rate on Wool.*

Frielinghaus, 487. Gasson, 828-9.

17. As regards the rate on wool ($\frac{3}{8}$*d.* per lb. on wool in the grease) Mr. Frielinghaus and Mr. Gasson expressed the opinion that it was a fair one, since, allowing for the difference in rates of insurance for sail and steam, it was practically identical with the rate by chartered sailing vessel ten years ago. A comparison was made with the rate on wool from Australia ($\frac{1}{2}$*d.* per lb.); but Mr. Frielinghaus, Mr. Gasson and Mr. Earle were of opinion that a comparison between the two rates based on mileage alone was misleading, since the terminal charges were the same, and owing to the greater demand for cargo-space in the Australian trade the wool has to be pressed quite twice as much as South African wool. With this opinion, however, Mr. Nisbet and Mr. Garlick did not agree. Mr. Jagger in explaining the attitude of the produce exporters informed us that the margin of profit on produce shipped home was very small, and that in all trades where this was the case the rebate system was preferred to an open market. He also stated that rebates were not granted on shipments of wool from Australia.

Frielinghaus, 596. Earle, 1873.

Nisbet, 1368. Garlick, 6853. Jagger, 6604.

Jagger, 6606.

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*Extract from *Times*, November 6th, 1907:—

Mealies from Natal.—The Agent-General for Natal has received a communication this mail from the Prime Minister of that colony in which he gives some interesting particulars concerning the present extraordinary activity of the export trade in mealies to this country. Favoured by a successful season, thousands of tons are now passing through Durban for shipment to this country and the Continent, and it is a circumstance worthy of note that the steamship Goth, belonging to the Union-Castle Company, which left Durban on October 3rd last, is the first ship that has ever left Natal with a full cargo of colonial produce, including 2,700 tons of mealies. The South African mealie has been sold in this country in past years, but only in small quantities. It has now become an important industry, and there are great hopes for its future, in view of the splendid results attained during the present season.

(*b.*)

(1.) *Desirability of Regular Sailings.*

18. Great stress was laid by all wool exporters upon the desirability of their being able to ship their wool as soon as it is ready. Many shippers, according to Mr. Gasson (833), are so anxious to get their wool home with the least possible delay that they often put it on board the mail boat, although this involves the payment of a higher rate of freight and an additional expense of 1*s.* 2*d.* per bale on greased wool for lighterage. Frielinghaus (brief), Gasson, 826, Earle, 1851–53.

(2.) *Desirability of Stable Rates.*

19. The evidence given as to the desirability of fixity of rates was of a somewhat ambiguous character, and the remarks which follow are based upon inferences from the statements of witnesses as much as upon the statements themselves. The reason for which fixity of rates is regarded by the exporter as important appears to vary according to the conditions under which he has bought the wool. The purchase may have been made with the intention of consigning the wool for sale on delivery in Europe, or it may have been made on commission at a price fixed by the importer in Europe. In the former case fixity of rates appears to be regarded as important because, the selling price of the wool being determined not by the cost of production in South Africa but by the market in Europe, the exporter is unable to force upon the purchaser at home any increase in the cost due to a rise in freight, while any benefit which he might otherwise receive from a fall in freight may be lost by reason of the higher price which he may have to pay to the farmer. The position of the wool exporter in this respect appears to be different from that of the importer of general merchandise, to whom a rise in the freight on one particular commodity out of the many which he imports is not of so much consequence. So long as rates are uniform to all merchants alike the importer can generally recoup himself for any loss due to a rise in freight by the price which he charges to the consumer. In the case of wool bought and exported on commission at a price fixed by the European importer fixity of rates is desired, because a rise in rates after the wool has been bought for shipment may result in the exporter having to carry out his order at a loss. Frielinghaus, 476, 509, 567, 611–15, Gasson, 844–45, Earle, 1829, 1851–52, 1920–1933. Earle, 1933. Frielinghaus, 567–70.

(iii.) Attitude of Growers and Farmers.

20. Whether the farmers are, on the whole, contented with the present state of affairs we are unable to say. The reduction of the rate on mealies and the carrying of fruit at low rates cannot but be welcome to them. As regards wool Mr. Frielinghaus and Mr. Gasson thought that the farmer could not take exception to the present rate, and that he would be much worse off if there were an open freight market and rates fluctuated. Mr. Ehrlich, on the other hand, who came as a representative of the Central Farmers Union, thought that the rate on wool was high, because boats calling on the way home from Australia would be glad to take it for $\frac{1}{4}d.$ We draw attention to the position of the farmers in this matter, not because they appear to have any general grievance with regard to the conditions under which their produce is carried oversea, but because it appears to us that their position and interests may not in all respects be identical with those of the exporting merchants. Frielinghaus, 528–29, 611–15. Gasson, 844–45. Ehrlich, 5649, 5654, 5668–71. Nisbet, 1372–74, Hoseason, 6000, Garlick, 6853, Gasson, 850.

21. The only considerable section of farmers who expressed dissatisfaction with the present state of affairs were the growers of wattle-bark in Natal. According to evidence given by the Rev. J. Scott, who is President of a Union of some 60 or 70 agricultural associations in Natal, the trade in wattle-bark began about 20 years ago. It is increasing rapidly, and is now in so flourishing a state that some of the companies have paid dividends of over 100 per cent. Notwithstanding this prosperity, the growers are dissatisfied with the rate charged by the Steamship Companies. The rate in early days was 35*s.* to 40*s.* Some time ago it was reduced to 20*s.* The present rate is 25*s.* per ton weight (a ton being equivalent to $2\frac{1}{2}$ tons measurement) and would, it was stated by Mr. Scott, have been 30*s.* had it not been for an outcry on the part of the growers, who *See* however App. III. (*d*). Scott, 2765–2856, Earle, 1836.

threatened to ship by outside steamers. The present rate is considered by the growers to be so excessive as to handicap the trade, and they are of opinion that it would be to their advantage to have an open freight market. In support of this opinion Mr. Scott stated that a firm of shipowners had offered to carry for them at 15*s.* per ton weight.

(iv.) Gold and By-Products.

22. It will be convenient to refer next to the evidence which has been given as to the rates on other articles of export, viz., gold and the by-products resulting from the treatment of gold ore.

Gold.

App. III. (*b*).

23. A special rebate circular has been issued with regard to the carriage of gold from which it will be seen that the period of the retention is six months and nine months and that the rate is fixed at 7*s.* 6*d.* with a rebate of $33\frac{1}{3} = 2s.\ 6d.$

Villiers, 5049, 5123.

The Chamber of Mines, Mr. Villiers informed us, were unanimously of opinion that this rate is excessive. This opinion was based partly on the grounds on

Villiers, 5054, 5114.

which it was considered that the rates generally were too high, viz., that the Shipping Companies gave special rates to Governments, municipalities and large companies, and that a wide difference existed between charter rates and Conference rates. It was also based on considerations of a special character.

Villiers, 5123–30, App. IX.

Mr. Villiers informed us that under the previous mail contract gold could be shipped by letter post, and that, had this right still existed, gold could have been exported at a cost of 2*d.* an ounce. Taking the output of the Transvaal for 1906, the gold could have been sent by letter post (including charges by

Villiers, 5131.

rail and sea) for £68,044 instead of £79,310, the figure actually paid. He also referred to the bill of lading for gold, which he informed us, contains so many clauses exonerating the shipowners that gold is practically carried at owner's risk.

By-Products.

Villiers, 5141, 5205, 5314.

24. As regards by-products, the rates on which are levied according to value, the same witness stated that, though not objecting to the principle of varying the rate according to value, he considered that the existing differences in the rates were much greater than were warranted by the actual differences in the values of the by-products.

(v.) Samples.

25. A further complaint of a somewhat special character, though not as to a particular industry, to which we desire to invite attention was made by

Pollitzer, 2488–92.

Mr. Pollitzer with regard to the rates of freight charged on consignments of samples. He stated that on one occasion he wished to send a small sample lot, measuring 5 feet, of certain Colonial productions to the Continent where there is a market for them and he was asked to pay as much as 5*s.* per cubic foot. As a personal favour the consignment was in fact ultimately taken at 3*s.* per foot. He maintained that the rates charged on samples were almost prohibitive, and that a low rate on small parcels of this kind would go a long way to develop Colonial industries and encourage trade.

III.

IMPORT TRADE.

26. We pass to the import trade. As to it we have to report that the feeling of dissatisfaction with the existing conditions of sea-carriage prevalent among the importing merchants is as marked as the satisfaction on the part of produce exporters.

(i.)

Alleged Excessiveness of Rates.

27. We desire in the first instance to call attention to the evidence as to the question whether the rates generally are excessive. This evidence is so voluminous that in a report of this character we can do no more than indicate briefly the general grounds on which the witnesses who considered the rates excessive based their opinion, and give marginal references to some of the more striking statements under this head.

28. The grounds may be summarised as follows :—

(1.) Inferences from the lower rates now accorded to Governments and in times past, if not now, to Municipalities and large Companies. *See also* p. xiii. R. H. Price, 1003. Nisbet, 1286. Garlick, 6842.

(2.) Comparison with the rates from the United States of America which are 500 or 600 miles further away than ports in the United Kingdom.

It was contended by some of our witnesses that, although the great disparity between the rates from the United Kingdom and those from the United States of America which existed during the rate war with the Prince Line no longer exists, the rates are still on the whole favourable to the United States of America. In this connexion attention was drawn to the fact that at the present time and for some time past there has been practically no return cargo to the United States of America. Nisbet, 1334–36. Garlick, 6800, 6842. Nisbet, 1283. Garlick, 6842.

(3.) Comparison with rates from the United Kingdom to India and Australia. Cuming, 1584. Hosken, 4111–3. T. R. Price, 4985–89. Jagger, 6551. Garlick, 6842. cf. Nisbet, 1339, as to rates on sugar from Sydney as compared with rates from Mauritius. App. XI.

Mr. Hosken contended that, as South Africa was a half-way house on the way to these countries, the argument that there was little return cargo did not apply, and that the rates to South Africa should be at any rate not greater than the rates to India and Australia. Mr. Jagger furnished us with a table, which is printed as an Appendix to the evidence, comparing the rates on certain articles to Sydney and Melbourne with the rates on the same articles to Cape Town.

(4.) Comparison of Conference rates with Charter rates and with offers which have been made by other Shipping Companies to carry at an all-round rate either for Governments or merchants or for both. Hosken, 4092. Park, 4394. T. R. Price, 4985–36. Villiers, 5118. Garlick, 6842.

(5.) Comparison of Conference rates with those charged by Messrs. Houston & Co. during the rate war, which according to Mr. Park were as follows :— Brown, 2276–97. Park, 4345. Garlick, 6842.

	s.	d.
Cape Town, Port Elizabeth and East London ...	17	6
Durban	20	6
Delagoa Bay	26	3
Beira	28	6

Mr. Garlick stated that he had been informed by the agent of the Houston Line that these rates were paying rates.

29. We should, however, mention that Mr. Spilhaus expressed the opinion that the Conference rates were not excessive as, had they been so, merchants would have chartered sailing vessels from the United Kingdom—a course which, so far as his own experience went, it would not have been profitable to take. Other witnesses too were not prepared to say that the rates were excessive, though they considered them to be high. Colonel Price was of opinion that it was not possible to demonstrate that the rates were excessive except by examining the books of the Companies. Spilhaus, 7348. R. H. Price, 1121–26. Butcher, 2105.

(ii.)

Complaints of Special Industries.

30. Here it will be convenient to refer to special complaints made with regard to certain industries.

(1.) *Agricultural Implements.*

31. We were informed confidentially by more than one witness that the Shipping Companies have entered into a contract with a large firm of manufacturers of agricultural machinery in the United States of America, under which the latter are allowed to ship goods manufactured at their works at rates considerably lower than the tariff rates either in the United States of America or at home. We have supplied the Commission confidentially with particulars showing the amounts of the preference accorded by the rates under this contract on shipments to Port Elizabeth and East London as compared with the tariff rates from New York and the United Kingdom respectively. No distinct evidence was given as to the existence of similar contracts with manufacturers of other articles; but Mr. Park informed us that sellers in the United States of America, whose f.o.b. quotations, *e.g.*, for rails, oils, and candles, he had refused because they were too high, had in some cases withdrawn these quotations and offered quotations c.i.f., which he was able to accept. Mr. Park was of opinion that the cost of the goods would not be lowered to the extent which the c.i.f. quotations would suggest; and he inferred that the reduction in the c.i.f. price was due to a preferential rate of freight. Mr. Kayser gave similar evidence as regards wire. We are unable to express an opinion as to whether this inference is correct. It may, however, be pointed out that another inference is possible, viz., that the American firms sooner than lose the orders were prepared to "dump" the goods, that is, to sell the goods in South Africa at a price lower than that which they charged in their own markets. Some of our witnesses have in fact informed us that they were aware of cases in which this was done.

Park, 4433–35.

Kayser, 391–92.

Mosenthal, 10–13.
Kayser, 391–92.
De la Porte, 767,
Brown, 2383,
Cuming, 1584.

32. We propose to deal with the general question of diversion of trade to the United States of America in a later part of our report.

(2.) *Mining Machinery and Heavy Lifts.*

33. Evidence on this subject was given by Mr. Park of the Johannesburg Chamber of Trade, who complained that the tariff of rates under which heavy lifts are said to be charged 30*s.* a ton to Durban, and 32*s.* 6*d.* to Delagoa Bay is quite misleading, since those rates apply only to heavy lifts of 2 tons and under. For all heavy lifts over 2 tons up to a weight of 5 tons there is an addtion of 5*s* for each half ton, and for heavy lifts over 5 tons an addition of 5*s.* per ton. As an instance of the illusory nature of the rate mentioned in the tariff he quoted a shipment of Lancashire boilers, which worked out at £9 14*s.* 4½*d.* per ton instead of the nominal figure of 30*s.* or 32*s.* 6*d.* He also furnished us with a list of 11 shipments of heavy lifts the average rate of freight on which was £4 19*s.* 1½*d.* per ton. Mr. Park contended that with the appliances available to-day it was as easy to handle an article of 5 or even 10 tons as a parcel of candles. He considered that the additions to the rates on lifts over 2 and 5 tons respectively were quite out of proportion to the labour and cost involved in handling them. He thought the system on which the rates are assessed to-day was a survival of sailing-ship days, when no proper appliances were available, and the machinery had to be discharged into lighters. The system was the more vexatious as the weight of mining machinery tends to increase.

Park, 4402–12, 4413, 4450, 4476.
T. R. Price, 4995–96.
Villiers, 5151, 5163–70,

App. XII.

34. Evidence of a similar character was given as to rates on a particular class of heavy lifts, viz., wire-coils, by Mr. Thomas, the agent in Johannesburg of Messrs. Allan, Whyte & Co., of Glasgow. In support of his contention that the rates on heavy wire-coils were excessive, he handed in a statement showing that the Houston Line during the rate war carried at about half the rates now charged by the Conference Lines, and that the Steamship Lines trading to the East carry at much lower rates. He also told us that the Clan Line had informed him that they were prepared to carry at lower rates, but that certain of the other Lines were unwilling that the concession should be made because they did not possess the proper means of handling heavy coils. Mr. Thomas added that the wire-coils exported by his firm to South Africa were specially prepared to facilitate handling, and he contended that as they could be handled in less time and with less expense than the same weight of ordinary cargo in small packages the Shipping Companies were not justified in making such additions to the rates on the heavier lifts. He suggested that heavy lifts should be classified according to the facility with which they can be handled.

Thomas (brief), 4420, 4833–5,
App. XIII.

(3.) *Live Stock.*

35. Evidence as to the rates on live stock was given by representatives of the Governments of the Transvaal and Orange River Colony and by several of the witnesses representing the interests of the farmers of the Orange River Colony. They complained that the rates on horses, cattle and sheep from the United Kingdom and Continent were so high compared with those from Canada and Australia that importations from Europe were practically prohibited. The relative rates from the countries named are given in a statement handed in by Mr. Du Maresq of the Department of Agriculture of the Orange River Colony, from which it will be seen that there is a great disparity in the rates, even allowing for the animals imported from the United Kingdom being probably of higher value. As regards the rates on sheep, however, we desire to point out that it does not seem to us that, having regard to the difference in the number of sheep specified in the two consignments, the rates on the particular shipments from the United Kingdom and Australia can fairly be compared.

T. R. Price, 4949–53. Honey, 5039–41, Du Maresq, *passim.* Ehrlich, 5683–5710. Hoseason, 5958–6041. Bisset, *passim.* Whittal, 6360. App. XIV

36. We were informed that it is very important at this particular moment in the history of farming in the Orange River Colony, when farmers are desirous of improving their stock and producing dairy cattle, that it should be possible to to import the best pedigree stock, which can only be obtained from England.

(iii.)

Diversion of Trade to the United States.

37. In the next place we desire to refer to the evidence as to the question whether trade has been or is being diverted from the United Kingdom to the United States of America in consequence of differences in the rates of freight from the two countries.

(*a.*) *At the present Day.*

38. We deal first with the evidence as to diversion of trade at the present day. We have already referred to the evidence given confidentially as to the existence of special contracts under which the Conference Lines allow a large firm of manufacturers of agricultural machinery in the United States rates much lower than the tariff rates either from the United Kingdom or the United States. We have also mentioned the belief of some of our witnesses, that secret contracts have been made with manufacturers of other articles in the United States allowing them preferential rates. It is obvious that the question whether these concessions lead to diversion of trade depend on many considerations, and chiefly (1) on the export price of the article as compared with the price in the United Kingdom, (2) on the nature of the article, *i.e.*, whether it is in competition with a similar article from the United Kingdom, and, if so, (3) on the amount of the difference in freight. As regards the specific consignments of which evidence was given, we were informed that the lower c.i.f. price was admitted by the manufacturers to be due, not to a reduction of the export price, but to a preferential rate under contract with the Conference Lines, and that the rate on the consignments under the contract was very much lower than the tariff rate from the United Kingdom We may add that goods of a similar character are made in the United Kingdom We are, however, unable to say whether such goods are strictly in competition with those coming from the United States.

39. Of diversion of trade at the present day owing to the differences between the published tariffs of rates from the United Kingdom and the United States, we have not received any very conclusive evidence. When asked to substantiate their opinion that trade was being diverted, many witnesses could do no more than refer to certain articles, *e.g.*, agricultural implements, especially ploughs, and common furniture on which the tariff rates are to the advantage of the United States. Colonel Price (991–3) drew special attention to the great difference still obtaining between the rates on first and second class cargo to East London from the United Kingdom and the United States respectively. The existence of differential rates, however, does not in itself

e.g. Torbet, 5538

App. XV. (*a*), XVI., XVII. (*a*)

Mosenthal, 7. R. H. Price, 983, 1564, 1589, 1596. Nisbet, 1262, 1253, *et sq.*, 1257–58. Butcher, 2138. Champion, 5624. 5627, 5629, 5638. Hoseason, 5993–99. Kayser, 274–77.

necessarily cause diversion of trade. Some witnesses, *e.g.*, Mr. Mosenthal, were of opinion that in the case of many commodities a greater trade was done with the United States on account of the cheapness of the goods themselves, and not at all on account of the tariff rates. Others informed us that in many cases American manufactures were preferred on account of their greater adaptability to the needs of the country, and that they would be bought in preference to British goods, even if the freight were somewhat higher. We desire especially to invite attention to the evidence given with regard to the relative merits of British and American ploughs. A further consideration which has to be borne in mind is that many of the small advantages which American goods have in the matter of freight would be counteracted by the Customs preferences which are granted to goods of British origin.

Kayser, 395. Jagger, 6626. App. V. (*b*) and X.

40. The balance of the evidence appears to us to suggest that at the present time trade is not being diverted to the United States of America on account of differences in the tariff rates. It may be mentioned that neither Mr. Jagger nor Mr. Kayser, two of the strongest opponents of the rebate system, was able to mention a single article in which such diversion was taking place. The latter, however, expressed the opinion that the benefits ostensibly conferred upon British trade after the cessation of the rate war by the readjustment of the tariff rates under which American goods in many cases have to pay higher rates than English were entirely illusory, since preferences were accorded to the United Kingdom only, or chiefly, in cases where the goods necessarily must come from the United Kingdom. He instanced tea (387), cement (388), glassware (390). We append tables handed in by Mr. Mosenthal and Mr. Jagger showing the tariff rates on the chief articles coming from the United Kingdom and United States of America at the present day.

(*b.*) *In the past.*

R. H. Price, 979. Brown, 2323. Garlick, 6836.

41. As regards the past the evidence was of a very different character. Several witnesses mentioned articles in which trade had been within their experience diverted to the United States in the past, especially during the freight wars with the Houston and Prince Lines. Colonel Price, for example, informed us that the shipments of galvanised wire had been affected very much by the freights ruling during the rate war. Mr. Brown told us he had bought nails from the United States for a similar reason. Mr. Garlick gave an instance of a shipment of steel girders of over 500 tons for his building in Adderley Street being obtained from the United States on account of the low freight, although the cost price in England was lower. Other articles to which we may refer are wire (Kayser 397-8, Cuming 1574, Price 1082), agricultural implements (Nisbet 1251 and App. xvii.), pianos, paper, strawboards (Davis 2730), cement (Hosken 4074).

Jagger, 6529. Garlick, 6903, App. XIX.

42. Mr. Jagger was of opinion that the low rates from the United States prevailing during the rate war had enabled the merchants of the United States to obtain a footing in the South African trade which they would not otherwise have acquired, and which they have retained ever since. This opinion was shared by other witnesses, notably Mr. Garlick, who argued that trade with the United States of America had risen and fallen in proportion to the preferences accorded in the matter of rates, and handed in statistical tables in support of this opinion.

(iv.)

Service from the United States.

Mosenthal, 211. R. H. Price, 994. Nisbet, 1276–81. Butcher, 2122–24. Park, 4569, *et seq.* App. XX. Jagger, 6584.

43. At this point we may refer to the evidence which was given as to the efficiency of the service from the United States of America to South Africa. Different opinions were expressed, but the balance of opinion appeared to be that, while on the whole satisfactory, the service was neither so regular, so frequent, nor so good as the service from the United Kingdom. Some tables handed in by Mr. Nisbet show how far the actual dates of sailing correspond with the advertised dates, and how long the voyage usually occupies. It will be convenient to mention here that we were informed by Mr. Jagger that rebates are still being given to shippers in the United States, and that this is done by arrangements being made for the payment of the freight in London.

(v.)

Effect of Freight on Prices.

44. We have taken a considerable volume of evidence with regard to (*a*) the proportion which freight bears to the price paid by the consumer (*b*) the effect which alterations in freight have upon the cost.

45. As regards (*a*) it will be sufficient here for us to state the general principle that, the cheaper and bulkier the article, the greater proportion the freight bears to the cost. Mr. Kayser stated that a reduction of 2*s.* 6*d.* on milk, for example, only means a reduction of ¼*d.* in the cost of 12 tins, while a similar reduction on organs would decrease the cost by 3*s.* 9*d.* to 4*s.* On cheap ploughs and other agricultural implements the freight, he informed us, was about 25 per cent. of the cost; on common American furniture about 50 per cent. Kayser, 368 *et seq.*, App. XXII.

46. As regards (*b*) the balance of evidence appears to us to be in favour of the view that, owing to the keenness of competition between merchants, any reduction of freight does ultimately reach the consumer in the price. It was not contended that the reduction reached the consumer in every case directly in the price of the articles; but it was urged on various grounds that it must reach him indirectly. Mr. Hosken, for example, said that, even supposing the benefits of the reduction in freight were retained by the merchants, the reduction was to the advantage of South Africa as a whole, and in that advantage the consumer must inevitably share in the long run. Other witnesses, notably Mr. Sellar, contended that competition between merchants was so keen that if the reduction did not reach the consumer in the retail price of the article on which the reduction had been made, it would reach him in the cost of some other "line" in which the merchant dealt. Hoskén, 4207. Sellar, 4087–91. Jagger, 6656–64.

47. The question whether a reduction of the freight on particular articles reaches the consumer directly depends on many considerations. It is obvious, for example, that the considerations applicable in estimating the effect of a reduction *e.g.* on machinery imported directly by the mines would differ from those applicable to articles sold by retail. It is also clear that, as stated by Mr. Jagger, the tendency is for reduction of the freight on articles of fashion to percolate to the consumer much more slowly than reductions on staple "lines." Again, there are articles in which the retail price is so small that an alteration in freight could make no difference to the cost. We may instance salt, as to which we quote the following passage from Mr. Spilhaus's evidence:—"If you increase the freight on salt by 10*s.* a ton it "would not have any effect on the consumer, because a bag of salt is sold "wholesale at 4*s.* per 200 lbs. The retail price per single lb. is 1*d.*, which "means 16*s.* 8*d.* that the shopkeeper gets. Supposing you increase it by 10*s.* a "ton, it would mean an advance of 1*s.* a bag. Surely the shopkeeper will not "alter his retail price whether he pays 5*s.* 6*d.* or 10*s.*" Jagger, 6663–64. Spilhaus, 7443–48.

48. We append the following references to passages in the evidence dealing with this question:—Kayser (368–385) jam, milk, organs, ploughs, agricultural implements, furniture; Pollitzer (2583–91) mealies, sugar, tea; Hosken and Sellar (4165–79) milk, food-stuffs; (4176–8) shoes and dies; (4209–21) groceries; Park (4352–4) building material; (4358) milk; Torbet (5512–25) hats; Doherty (6062–89) Kaffir-pots.

(vi.)

Comparison of Ocean and Railway Rates.

49. It will be convenient here to refer to the evidence which we have received with regard to the effect upon the cost of living of the rates charged by the Railway Administrations of South Africa. It appears to be generally admitted that the railway rates bear a much greater proportion to the cost price of commodities carried to the inland Colonies than do the ocean rates. It is, however, contended that any comparison of railway and ocean rates is quite beside the point, since the railway rates are used as a means of taxation, and this taxation, if not raised by means of the railways, would have to be raised by an income tax or some other tax. In other words, the money raised by railway rates stays in the country; the money paid for steamship services does not. Hosken, 4221–4230. App. XXI.

50. We next refer to the evidence given in regard to certain benefits alleged by the advocates of the rebate system to be dependent on its maintenance, namely, the engagement not to carry cargo on ships' account and uniformity of rates to all merchants.

(vii.)

CARRIAGE OF CARGO ON SHIPS' ACCOUNT.

51. It seems to be generally admitted that in the trade between the United Kingdom and South Africa the Conference Lines have observed the condition in the agreement with the Merchants Committee that they should not carry cargo on ships' account except coals to fill up. The only witness who was not satisfied on this score was Mr. Lerchen, who suspected some of the Conference Lines of having carried timber on ships' account during the last three or four years. It is worthy of notice that several witnesses stated that they would not be at all alarmed if the Shipping Companies were to decide to carry cargo on their own account and to enter the field in competition with them as merchants. They considered that it would be impracticable for the Shipping Companies to deal as merchants in any goods except rough goods such as coal and cement.

Lerchen 1492–4.

Kayser, 414.
Clarke, 1760.
Hosken, 4134.
Jagger, 6520.

52. As regards the coasting trade the same satisfaction with the action of the Shipping Companies does not exist. Evidence was given by Mr. Lerchen at East London to the effect that the Union-Castle Company were carrying coal not merely to fill up, but on their own account on a large scale. He informed us that a contract had been entered into for one year between the Union-Castle Company and the Natal Coal Mines Association, under which the Association sells to the Company all coal for export to Cape Colony, and the Company in return guarantee to buy from the Association a certain quantity of coal which he thought was 80,000 tons. The Union-Castle Company, he added, have concluded contracts for the sale of this coal at prices which exclude all competition by coal merchants. He stated that, whereas the price at which the East London Harbour Board previously obtained their coal was between 21*s.* and 22*s.*, the price at which it was sold to them by the Union-Castle Company was 18*s.* 9*d.*, and he estimated that in order to sell at this price the Company must have carried the coal at a rate of 4*s.* 3*d.* per ton, out of which port dues at Durban and East London would have to be paid. The rate which he himself had to pay from Durban to East London he stated was about 7*s.* Mr. Lerchen added that the Union-Castle Company not only carry their coal in their own boats, but that they charter special colliers in order to fulfil their contracts.

Lerchen, *passim*, App. XXIII.

53. As the Natal coal export trade is rapidly expanding, and the Association controls about half of the export trade, Mr. Lerchen considered that the action of the Union-Castle Company, if not checked, might lead to a monopoly in the coal export trade of Natal. We may add that the action of the Union-Castle Company in this matter has been condemned by a resolution of the East London Chamber of Commerce.

App. XXIV.

Lerchen, 1420.

(viii.)

PREFERENTIAL RATES.

54. As regards the granting of preferential rates to favouredmerchants and large companies at the present day, we have not received much evidence of a definite character. Several witnesses referred to special contracts which had been made in the past such, *e.g.*, as those with Messrs. Wernher, Beit and Company, and Messrs. Stewarts and Lloyds. Apart from the special contract granted to a certain American firm who manufacture agricultural machinery, to which we have already referred, only one witness, Mr. T. R. Price, could assure us that a contract of this character was still in existence. As this contract had been brought to his notice confidentially he was unable to give us any particulars. He stated, however, that the rates were lower than those allowed to the Central South African Railways.

cf. Nisbet, 1213–16.
Garlick, 6850.

T. R. Price, 4857.

55. It should be observed that Sir Donald Currie's letter to Mr. Garland Soper, of the 23rd May, shows that the Conference Lines, whatever their present practice in this matter, still claim the right to grant lower rates for contract cargo in large quantities.

App. II.

(ix.)

PREFERENTIAL RATES FOR GOVERNMENTS AND MUNICIPALITIES.

56. On the general question whether Governments and Municipalities should be allowed to have special rates of freight, there was considerable difference of opinion among both the merchants and the Government witnesses who gave evidence before us. The opinions expressed may be classified as follows :—

(*a.*) Governments and municipalities should in the interests of the general public be allowed special rates. *e.g.*, Jagger (6641), T. R. Price (4930–2).

(*b.*) Governments only should have special terms. *e.g.*, Butcher (2067).

(*c.*) Neither Governments nor municipalities should have special rates. *e.g.*, Pollitzer (2572), Hosken (4064), Park and Niven (4441–2), Wilson (5809), Villiers (5070).

(*d.*) Preferential rates should be allowed to Governments and municipalities on non-competitive goods. *e.g.*, Mosenthal (117).

(*e.*) Preferential rates might be allowed to Governments and municipalities on certain goods not usually stocked by merchants, but the same rates should be allowed to merchants in the event of their wishing to import these articles. *e.g.*, R. H. Price (1004), Torbet (5567).

57. We may mention that the representatives of Natal and Cape Colony, and of the Central South African Railways expressed the opinion that the Governments were entitled to lower rates than merchants chiefly on the following grounds :— Salmon, 2020. Cock, 7220. T. R. Price, 4930–32.

(*a.*) A large proportion of their shipments are distinct from the goods usually imported by merchants, and consist largely of commodities needed for the development of the Colonies.

(*b.*) Any advantage obtained by the Governments in this matter is distributed over the whole community.

58. Mr. Price, the representative of the Central South African Railways, was of opinion that it did not follow that, if the Governments agreed to accept the same rates as merchants, the all-round rates would necessarily be lower than those now in force. In support of this opinion he referred to the fact that the Conference Lines recently endeavoured to bring their special contracts with the Governments to an end, and that they did not express any intention of reducing merchants rates at the same time. The merchants rates had in fact been a short time before readjusted on a somewhat higher basis. *See* p. xix. T. R. Price, 4925–27, 4973–79.

59. The representative of the Transvaal Government did not express any definite opinion as to the desirability of according lower rates to Governments. He merely observed that it would not be of any use to do away with those preferential rates, unless the preferential railway rates were at the same time abolished. The representatives of the Government of the Orange River Colony were unanimous in saying that the Government did not wish to claim lower rates than those charged to merchants, provided always that these rates were reasonable. Honey, 4645. Northcroft, 5258. Wilson, 5816.

60. The amount of the preference accorded to Governments varies according to the article, and can only be ascertained by a comparison of the rates quoted in the contracts with the merchants' tariff rates. We append the following references to the evidence on this subject :—Salmon 1975–89 and Appendix XXV (*a*); Honey 4595, 4645–50; T. R. Price 4989; Wilson 5783; Cock, Appendix XXV(*b*); Appendix XXXIV.

(x.)

CLASSIFICATION OF GOODS.

61. A point to which many of our witnesses referred, and to which we wish to invite special attention, is the question of classification. Many complaints were made, both by merchants and Government officials, that the tariff rates quoted for the various classes were of little value, unless it was also known what articles were comprised in those classes. We were informed that a classification list had been issued by the Clan Line 10 years ago, but that since that time, in spite of several requests, the Shipping Companies had refused to issue a Kayser, 432. R. H. Price, 1079. Hosken, 4055. Park, 4506. T. R. Price, 4899 and App. Hosken 4058.

App. XXVI. classification. An instance of such refusal may be found in some correspondence between the Crown Agents, the General Manager of the Central South African Railways and Messrs. Bucknall Brothers, which was furnished to us by Mr. T. R. Price, and is printed as an Appendix.

62. A desire was generally expressed that the Shipping Companies should be required to publish a classification similar to those issued by the Railway Administrations, and to give due notice of any changes. It was urged that such a requirement would tend to prevent arbitrary action on the part of the Shipping Companies in altering the rates by transferring goods from one class to another without notice, and that it would to some extent prevent the possibility of the Shipping Companies granting secret preferences to favoured shippers, by transferring an article from one class to another for a particular shipment. We may mention that we were informed that complete classification lists are issued by the German Steamship Companies trading to South Africa.

Park, 4506, Jagger, 6556.

Jagger, 6505.

(xi.)

Forfeiture of Rebates.

63. We examined most of the witnesses who appeared before us with regard to forfeiture of rebates by the Conference Lines. Many instances were given of forfeiture during the rate war between the Conference Lines and Messrs. Houston; but no instance was given of any forfeiture since that time. A case in which the Union-Castle Company, instead of confiscating rebates, exacted a fine or composition was brought to our notice by Mr. De la Porte, of the firm of Messrs. Liebermann, Belstedt & Co., at Port Elizabeth. He informed us that his firm on one occasion during the rate war sent a shipment inadvertently by the Houston Line. After threatening to confiscate their rebates, the Union-Castle Line agreed to forego this right if his firm would pay them a sum equivalent to the difference between the freight paid to Messrs. Houston and the rate which would have been paid had the consignment been sent by the Union-Castle Line. They also required them to make a promise of loyalty for the future.

Garlick, 6748.

De la Porte, 627.

cf. Torbet, 5488, Garlick, 6750–53.

64. The cases brought to our notice in which rebates had been wholly forfeited were all cases in which firms deliberately abandoned their rebates by making contracts with the Houston Line, or by sending consignments by that Line with full knowledge of the consequences. One at least of the contracts then made is, we are informed, still running, viz., that with Mr. Jagger, who, in addition to forfeiting rebates amounting to about £2,000, has had to pay 10s. a ton extra for cargo sent by the mail boats.

Brown, 2266. Hosken, 4049, Park, 4341, Jagger, 6453–54. Garlick, 6757.

65. Mr. Garland Soper, in his evidence in London (question 53), stated that the only threats made to forfeit all the rebates of an agent if one of his clients proved disloyal were made by shipping clerks. Mr. Jagger gave an instance of a case in which such a threat had been made by Sir Francis Evans himself, and Mr. Garlick gave an instance of a case in which, contrary to the arrangement made between the Conference Lines and the South African Merchants' Committee, the rebates of all the marks of a shipping agent had been forfeited.

Jagger, 6462. Garlick, 6742–44.

(xii.)

South African Merchants' Committee in London.

66. Our instructions required us to ascertain the opinion of merchants in South Africa as to the representative nature of the South African Merchants' Committee in London, and we have accordingly examined several witnesses on this subject. The general opinion of these witnesses was that the Committee was neither representative nor sufficiently in touch with the interests of importers and consumers in South Africa. The grounds upon which this opinion is based vary.

67. Mr. Mosenthal informed us that the Committee, while it contained some commission houses and agents, consisted chiefly of the senior partners of African houses. He seemed to think the Committee was representative but

Mosenthal, 48–49.

cumbrous, and not in sufficiently close touch with the Shipping Companies. Mr. Nisbet did not consider the Committee representative. He said "The "London merchants, who are now in London, if I may say so, have borne the "heat and burden of the day, and they do not want to be worried with "questions of rebates."—"They have pockets, but it benefits them because they "get a commission on the freight as well as the goods they are buying, and if "there is any question of pocket they are better under the rebate system than "under any other system." Nisbet, 1304–14.

68. Mr. Butcher did not think that the Committee was representative or had any real standing because the majority of importers in Durban had not houses in London. Butcher, 2085–8, 2167.

69. Mr. Hosken informed us that the Johannesburg Chamber of Commerce had passed a resolution to the effect that the Committee did not represent their interests. He said "We feel sure, without wishing to make any attack on the "London Merchants' Committee, that our interests are not similar. We are "consumers in South Africa, and they are simply shippers in London and act "as agents for others who are paying the freight. They do not pay the freight. "In many instances they are the principals of the merchant firms in South "Africa, but taking the great bulk of the shipments, they simply act as agents." Hosken, 4271–76.

70. Mr. Jagger said—"We do not attach the slightest weight to the London "Merchants. We hold most emphatically that they do not represent South "African opinion at all. There is quite a number of the mercantile community "in South Africa who look upon them as a branch of the Conference. So far "as we can see, the Conference Lines use them when they want them and put "their suggestions on one side or treat them with contempt when they do not "want them." Jagger, 6589. cf. Garlick, 6868.

71. Mr. Torbet, on the other hand, told us that his Chamber (the Orange River Colony Chamber of Commerce) considered the Committee quite representative of their interests. Torbet, 5595–98

(xiii.)

Ocean Freights and Railway *Modus Vivendi*.

72. We desire in the next place to refer to certain events which took place shortly before we left England, and which have an important bearing upon the whole question of ocean freights as it presents itself to the people of South Africa.

73. At the Conference of South African delegates in London in December, 1905, it was urged by a representative of Natal that the differentiation in the rates to the various ports of South Africa operated unfairly to the disadvantage of Natal, and that account should be taken of this in any readjustment of the rates. This contention was supported by Sir Donald Currie, but not by the delegates of the other South African Colonies. They were of opinion that, as the *modus vivendi* in regard to the railway rates from the several ports to the inland Colonies had been settled on the basis of the differentiation between the sea-freights to the various ports, any disturbance of that differentiation would necessitate a corresponding alteration in railway rates in what is known as the "in-transit" traffic. This traffic embraces, we are informed, about one half of the total over-sea importation into South Africa. The demand of the delegates of the South African Colonies was for a percentage reduction on the sea-freights to all the ports, but, as will be remembered, the Conference was unable to arrive at any agreement with the Shipping Companies on these lines. *See* Report of the Conference of South African delegates in London. T. R. Price, 5038. App. XXX.

74. On the 23rd May of this year, Sir Donald Currie, in a letter to Mr. Garland Soper (Chairman of the South African Merchants' Committee), announced that the Conference Lines proposed to make certain alterations in the rates of freight, to reduce the amount of the rebate from 10 per cent. to 5 per cent. (the primage remaining 10 per cent. as before), and to alter the rebate period from six and nine to six and six months. These changes came into operation on the 1st July, no notice of them having been given to the Colonial Governments or railway administrations other than that which appeared in the press. The tariff rates to Cape Town and Port Elizabeth are not altered except as regards Class II., the App. II. App. XXVII. (*c*).

rate on which is reduced from 31*s.* 3*d.* to 30*s.* In the case of East London the rate on Class I. is not altered, on Class II. the rate is reduced by 1*s.* 3*d.* and on the remaining classes by 2*s.* 6*d.* In the case of Durban and Delagoa Bay the rates are reduced by 2*s.* 6*d.* on all classes. On the other hand, it will be observed that the reduction of the rebate from 10 to 5 per cent. has had the effect that, notwithstanding certain reductions in the rates, the amounts actually charged for freight on all classes to Cape Town and Port Elizabeth and on Classes I. and II. to East London are considerably increased.

App. VI.

75. While meeting *pro tanto* the claims of Natal, this rearrangement of the relative rates to the various ports had the effect of disturbing the *modus vivendi* as to railway rates. A meeting of representatives of the South African Governments was accordingly held at Bloemfontein on the 6th July last. It was then decided that the alterations in ocean freights should be counteracted by the granting of rebates on the railway rates, and that the funds out of which such rebates were to be paid, should be supplied by the Governments of the several Colonies. It was also agreed that the system of countervailing rebates on railway rates should apply automatically to any changes in ocean freights which might be made in the future. It is worthy of notice as illustrating the importance attached to an agreement with regard to railway rates by all railway administrations interested in the carriage of goods to the interior that Natal and the Portuguese Administration (parties to the *modus vivendi*) contributed their quotas, depriving themselves thereby of the increase of revenue and trade which the alterations of the ocean rates might otherwise have brought to their railways and importers through the diversion of "in-transit" traffic from the Cape ports to Durban and Delagoa Bay. Mr. Mosenthal considered that the evidence of cohesion between the Colonial Governments shown by this agreement, was of much greater value than the results of the Conference. These he thought of little importance, since the amount of the rebates to be claimed by a merchant hardly compensated him for the time and labour involved in putting the claim forward.

T. R. Price, 5041. Wilson, 5837–40. App. XXVII. (*a*).

Wilson, 5835, 5849.

Mosenthal, 65–74.

76. Mr. Wilson, who was one of the representatives of the Orange River Colony at the Conference, informed us that it was admitted that the arrangement was a clumsy one and could not be permanent. It was only adopted as a *modus vivendi*, until the whole question of railway rates could be re-opened at the Inter-Colonial Conference to be held next year after a responsible Government has been established in the Orange River Colony. Natal has specifically reserved the right to re-open at this Conference the question of differentiation between the ports of South Africa in ocean freight.

Wilson, 5841–42. T. R. Price, 5031.

Wilson, 5846.

77. The Conference Lines, we understand, hold the view that, in making the alterations which came into force on the 1st July, they were merely recognizing the just claims of Natal. However this may be, there appeared to be a distinct impression in the minds of some of the witnesses that the concessions made to Natal were an attempt on the part of Sir Donald Currie to prevent opposition by disuniting the Governments and merchants of the several Colonies. It is significant that before this concession was made the Chamber of Commerce of Durban was opposed to the system of deferred rebates, and that afterwards a quorum of its members did not attend the meeting summoned to consider the question of tendering evidence before the Sub-Commission. One result of the recent events above mentioned has, we think, been to strengthen the impression that, so long as they are free from any sort of control, the Conference Lines have it in their power to disturb the whole railway policy of the South African Colonies. It has had the further effect of making some persons, who have hitherto been opponents of the system of deferred rebates, alive to the possibility that the present railway policy of the South African Colonies may be incompatible with the establishment of an open and uncontrolled freight market. Colonel Price informed us that it was to a consideration of this possibility that the modification of the attitude of the East London Chamber of Commerce towards the rebate system was in a large measure due. He also stated that, though he had previously been in favour of the abolition of rebates, he would now deprecate the establishment of an open freight market, which in his opinion could only lead to a commercial war between the ports and railways of South Africa.

App. II.

T. R. Price, 5031. R. H. Price, 965, 1032. Tatham, 2978–79.

Wilson, 5926.

R. H. Price, 965, 1024.

(xiv.)

INTER-PORT GRIEVANCES.

78. In this connection it may be well to refer briefly to complaints made by the several ports as to the existing differentiations. East London complains that the present difference (7*s.*) between the rate to that port and Port Elizabeth, which is only 131 miles nearer to Cape Town, is arbitrary and is not justified by the present conditions of the port or by the fact that at Port Elizabeth there are no harbour dues. It is urged that the difference remains the same as it was in the old days when no steamers could come over the bar, and when a charge of 5*s.* a ton had to be incurred for lighterage. Nowadays, a very large proportion, estimated by Colonel Price at 88 per cent. and by Mr. Nisbet at 95 per cent., of the traffic comes over the bar in the ship, and yet no reduction of the differentiation has been made. It is also pointed out that on traffic coming from the United States of America, the trade from which is under conditions of an open freight market, the differentiation is only 2*s.* 6*d.* R. H. Price, 1044, 1100-04. Nisbet, 1385-86. Lerchen, 1547.

79. The complaint of Durban before the 1st July was that the rates to that port were from 7*s.* 6*d.* to 10*s.* higher than those to Port Elizabeth (which are the same as the rates to Cape Town), seeing that Durban is no further from Port Elizabeth than Port Elizabeth from Cape Town. So far as traffic stopping in Natal is concerned, this grievance is, it may be assumed, to some extent modified by the recent concessions made in favour of Durban by the Conference Lines. The grievance, however, still exists so far as the "in-transit" trade is concerned, since the concerted action of the Governments at Bloemfontein has countervailed the benefits which they would otherwise have received in respect of this traffic. Mr. Salmon, who appeared on behalf of the Government of Natal, contended that the railway rates and ocean rates should be entirely dissociated, and that until this is done Durban will not obtain the full benefits to which her natural advantages and the improvements in her dock and harbour facilities entitle her. On these improvements Natal has spent about £3,500,000. Butcher, 2102. Pollitzer, 2444-47. Salmon, 2034-47. Salmon, 2046.

IV.

COASTING TRADE AND TRADE WITH MAURITIUS AND CALCUTTA.

80. In addition to the evidence which we have received as to the trade between the United Kingdom and South Africa, we have been furnished with some information as to the working of the rebate system in the coasting trade of South Africa and in the trades with Calcutta and Mauritius.

(i.) *Coasting Trade.**

81. The amount of the rebate is 10 per cent and the period six months and six months. It should be observed that the westwards circular does not apply to shipments from Durban. The coastwise trade at the present moment is a small one, the chief commodities being mealies, sugar, potatoes, compressed fodder, Kafir corn, and general merchandise exchanged between the ports. The trade, however, is said to be increasing, and the question of rates, as to which there does not appear to be at present any widespread grievance, may become important. Two witnesses, Mr. Lerchen, at East London, and Mr. Pollitzer, at Durban, expressed the opinion that the rates were excessive. The former pointed out that the rate on mealies from Durban and East London to Cape Town is now the same as, and for a time exceeded by 5*s.*, the rate from those ports to London, and that the rates on general goods were 15*s.* to Durban and 17*s.* 6*d.* to Cape Town. Mr. Lerchen was of opinion that the requirements of the coastal trade would be met by smaller boats, which would not require so heavy rates. He also informed us that doubt existed as to whether disloyalty with regard to shipments in the coastal trade involved forfeiture of rebates on homeward shipments, and he expressed the hope that the matter would be cleared up. Appendix IV. Lerchen, 1538. Pollitzer, 2524, 2475-80. Lerchen, 1499, 1512, 1514, 1524 Lerchen, 1528.

* As regards the carriage of cargo on ship's account in the coasting trade, *see* p. xii. above.

(ii.) *Calcutta Trade.*

Kayser, 443–47. Nisbet, 1361–66.

82. As regards the trade with Calcutta Mr. Kayser stated that all shippers are bound by a rebate agreement, and that the shipowners (Messrs. Bullard King & Co.) refused to carry goods at all for shippers who declined to be bound by the agreement. Mr. Nisbet informed us further that the payment of rebates was conditional on the loyalty, not only of the importer but also on that of the shipping agent in Calcutta. He handed in correspondence furnished to him by Messrs. Dyer & Dyer which makes it clear that the Shipping Company in question claims to enforce these conditions.

(iii.) *Mauritius Trade.*

Kayser, 446.

83. As regards the trade with Mauritius Mr. Kayser's evidence was that the Union Steamship Company, who run a monthly service, impose an extra rate of 5*s.* a ton on all shippers who refuse to bind themselves for a fixed period to ship exclusively by their boats.

V.

EVIDENCE OF A MONOPOLY.

e.g., T. R. Price, 5008. Villiers, 5059–61.

84. Several of the witnesses urged strongly that the Conference Lines have at the present day a monopoly of the carrying trade between this country and South Africa. It is obvious that the power secured by a combination of Steamship Companies to impose conditions of sea-carriage must be in a sense limited and that the limit is fixed at a point at which it will pay an outside Line to place its ships on the berth. Within these limits, however, it is asserted that the Conference Lines have a practical monopoly, and in proof of their assertions witnesses point to the present conditions under which their goods are carried and to certain actions of the Steamship Companies which they regard as so arbitrary as to be impossible except under a monopoly.

(i.) Conditions of Carriage.

(*a.*) *The Compact.*

85. The compact between the Shipping Companies and the South African Merchants' Committee is regarded as a one-sided agreement, which does not give the South African importers any of the advantages for which they have long been asking. Mr. Mosenthal said "I do not think it has got any practical "value. I think whenever anything arises that helps Sir Donald and the "Conference Lines, then the compact is all right, but for all practical purposes "to my mind that compact can be treated as a *quantité négligeable*."

Mosenthal, 141.

(*b.*) *The Rebate System.*

Hosken, 4041-43, 4082. Niven, 4460. T. R. Price, 4939. Jagger, 6493. Garlick, 6761–66, 6793, 7189. Jagger, 6475, 6616. Garlick, 6748.

86. The conditions under which goods are carried are in effect those laid down in the rebate circular, and they place the merchant, it is alleged, completely in the power of the Conference Lines. As evidence of the completeness of this power they point to the fact that since the Houston rate war, no single instance has occurred of forfeiture of rebates.

(*c.*) *Inflation of Tonnage.*

87. Many of our witnesses have expressed the opinion that the boats engaged in the trade were more numerous and of a better quality than the trade required, and some of them attributed this inflation of tonnage to the existence of a monopoly. Mr. Nisbet for example said—"I think regularity up to "a point is a distinct advantage, but the position is that owing to the rebate "system lines of Steamship Companies have been invited into this trade and "after having got in, their tonnage is lumped on to the market and we have got "to absorb it all. The trade is over-capitalised : we have too many steamers in "the trade."

Nisbet, 1234. Pollitzer, 2453–54. Sellar, 4096. Hosken, 4097. Park, 4460. T. R. Price, 4915. Garlick, 6902.

(ii.) Alleged Arbitrary Actions.

As instances we have selected the following :—

(*a.*) *Table Bay Harbour Dues.*

88. The Table Bay Harbour Board, finding that owing to the expense, amounting to about £1,285,000, incurred in consequence of the extensive improvements to the docks during the last five years, they were in want of revenue, altered the method of levying dues in such a way as to increase the dues on shipping. The Shipping Companies, who have largely benefitted by the dock improvements, replied in July last by raising the rates to Cape Town by 2½ per cent. in order to cover the increase in the dues. We were informed by Mr. Spilhaus, the agent of the German Australian Line to Cape Town, that the German Lines in the Conference were strongly opposed to this action on the ground that it was not fair to Cape Town, and that it was not justified by the conditions of the trade. They were, however, over-ruled by Sir Donald Currie and the representatives of the other British Lines. It was contended by some of our witnesses that under conditions of competition such action on the part of the Conference Lines would have been impossible.

Jagger 647. *et seq.*, App. XXVIII.

Spilhaus, 7300. Jagger, 6490.

(*b.*) *Recent alteration of the Rebate and the Tariff Rates.*

89. Although the merchants and Governments of South Africa have been for some time past asking for a reduction of the tariff rates, the only alterations which have been made are alterations which, the reduction of the rebate being taken into account, lower the rates to Durban and Delagoa Bay on all classes except Class 1, and to East London on Classes 3, 4 and 5, but increase the rates on all classes to Cape Town and Port Elizabeth and on the 1st and 2nd classes to East London. Mr. Hosken stated that it had been estimated that in consequence of these alterations the year's freight to South Africa would be increased by £80,000.

App. VI.

Hosken, 4029.

(*c.*) *Classification.*

90. The Conference Lines in spite of repeated requests from Colonial Governments and merchants that they should publish a classification have refused to do so.

For references, *see* pp. xii-xiii above.

(*d.*) *Mail-boat Service to East London.*

91. It was stated that without adequate notice and without consultation with the merchants, a notice was issued by the Conference Lines stating that after the 1st July last no second class cargo would be taken to East London by the mail boats. Colonel Price and Mr. Nisbet considered this a very arbitrary action, only possible under conditions of a monopoly. We were informed that this notice was subsequently withdrawn owing to the representations which were made.

R. H. Price, 960. Nisbet, 1227.

(*e.*) *Landing Charges on Government Cargo.*

92. Mr. T. R. Price, General Manager of the Central South African Railways, complained that the charges made by the Shipping Companies at East London, Durban and Delagoa Bay were exorbitant. The charges provided for in the original contract of 1904, were, East London 2*s.* 6*d.*, Durban 4*s.*, and Delagoa Bay 6*s.* 6*d.*, but the Durban rate has recently been reduced to 2*s.* 6*d.*, and the Governments are allowed to do their own landing at this port. Mr. Price stated that, although the Governments considered these charges exorbitant, and although they could do their own landing at much lower cost, their representations on the subject to the Conference Lines had been of no avail.

T. R. Price, 4869-97, 4956-66. App. XXIX. (*b*). App. XXXIV.

VI.

FEELING WITH WHICH THE MONOPOLY IS REGARDED.

93. The chief objection entertained by many of our witnesses to the monopoly to which, whether rightly or wrongly, they consider themselves subject, was the financial one, viz., that under other conditions they could obtain for themselves better terms. Further objections to it were entertained on personal and political grounds. To illustrate what we mean by personal objections it is sufficient to quote the words of a few of our witnesses. Mr. Kayser said "The arbitrary position taken up by the steamship companies has the effect on "any man who has the least spark of independence, to make him say, "'Anything rather than the present state of affairs.'" Colonel Price described the Ring as "an autocracy." Mr. Davis said "I think we are all kicking "against the power of the Ring; we want to be free." Mr. Whittal said "It "seems to us that we are being 'had,' and the rebate system makes you feel that "you are being 'had.'" Mr. Brown said "They (*i.e.*, the people of South "Africa) do not like the idea of this Ring controlling the trade to South Africa."

Kayser, 423.

R. H. Price, 1039. Davis, 2639. Whittal, 6401.

94. What we may describe as the political objections are of a more definite and tangible character. It is urged that the carriage of commodities between this country and South Africa is in the nature of a public service, and as such should not be in the hands of a corporation not resident in South Africa neither controlled by, nor in any way responsible to, the people of South Africa. As an instance of the consequences which may flow from the existence of such a monopoly, witnesses pointed to the effect which the recent alteration in the differentiations between the ports had had upon the *modus vivendi* as to Railways, and to the power which the Shipping Companies possess of playing off one Colony against another and even the ports of one Colony against one another. We desire to invite special attention to the evidence given in this regard by Mr. Mosenthal (190-1); Colonel Price (1025, 1059-60); Brown (*2304, 2320*); T. R. Price (4910, 4941, 4939, 4946); Jagger (6897); Garlick (*6761-6*), and to the following paragraph taken from Lord Selborne's memorandum on Federation of the South African Colonies, pp. 48-9—"The shipping combine is "another illustration of the want of control over business conditions due to "disunion. It is not assumed that the Conference which controls that combine "does, in fact, as a great number of importers in this country believe, abuse the "power it holds over shipping freights. Even if it is assumed that it does not, "is there not, at any rate, a danger that a great monopoly, exempt from the "effective control whether of competition or law, should come in time to use "its position for the exclusive interest of its shareholders and to the prejudice "of its customers? If South Africa can trust her commerce permanently to "the unfettered control of any shipping ring, the case against trade monopolies "falls to the ground. So long as the companies are united, and she remains "divided, a combination can always break up a temporary alliance between the "several Governments by making concessions to any one of them. As soon "as one Government controlling the railways and harbours can speak for all "British South Africa, it will, at least, be within her power to arrange with the "Shipping Conference the conditions of her sea-borne traffic on a footing of "equality, and to discuss as a question of business what otherwise she must ask "as a matter of favour. At present the whole sea-borne trade of South Africa "is controlled by one private corporation, which, of course, has no responsibility "to the people of the country, and the mercantile community must recognise "that unless an unforeseen competition is conjured out of the deep the power "of that corporation must remain absolute so long as no single control can be "exercised over the ports. It has been shown how powerless disunion has "made South Africa when dealing with a single foreign country. The same "considerations apply to all her relations with any carefully organised union of "private interests. She can only deal with them on equal terms by applying "the lesson which they themselves have learned from the conditions of their "business."

VII.

REMEDIES ADVOCATED.

95. The chief remedies suggested may be classified as follows :—

(1.) Abolition of the system of deferred rebates by legislation.
(2.) Consultative Board or Board of Control.
(3.) Exercise of Government influence.

Several of the witnesses who advocated the first of these remedies were willing to accept the second, if the first proved impracticable, and some of those who advocated the second were prepared, if necessary, to fall back upon the first. Hosken, 4145–49. Niven, 4469. Jagger, 6595. R. H. Price, 1025.

(i.) Abolition of the Rebate System.

96. Among the witnesses who advocated this remedy were Mr. Kayser on behalf of the Port Elizabeth Chamber of Commerce (316), Mr. Nisbet (1298, 1352), Mr. Cuming, (1611), Mr. Pollitzer (2500), Mr. Davis (2705–6), Mr. Tatham (3044), Mr. Hosken and Mr. Sellar (4322-3), on behalf of the Johannesburg Chamber of Commerce, Mr. Park and Mr. Niven (4455 and 4469) on behalf of the Johannesburg Chamber of Trade, and Mr. Jagger (6595). Of these witnesses some were of opinion that the abolition of rebates would not result permanently in fluctuating rates or irregular sailings. Others were prepared to face the possibility of such conditions as being less prejudicial to them than the present conditions of sea-carriage.

97. As to the effect which the abolition of rebates by legislation would have upon the position of the small man, witnesses were divided in opinion. Some considered that it must inevitably result in the large importer getting more favourable terms either by arrangement with the Conference Lines or by chartering. Others held, that as the small men would ship their goods through an agent whose freight in the aggregate would be as much as or more than that of the large importer, their position would not be in the least prejudiced. Butcher, 2156. Brown, 2340. Park, 4532. Kayser, 410. Mosenthal, 99–101. Nisbet, 1225. Jagger, 6517.

(ii.) Consultative Board or Board of Control.

98. Many witnesses, who objected to the rebate system on the grounds that it gave the Shipping Companies too much power and that this power was abused, preferred if possible to find some other remedy than the abolition of rebates by legislation. In the case of some of the witnesses this attitude was due to a dread of the unsettled conditions which might ensue upon the establishment of an open freight market. In the case of others it may in some measure be attributed to the fear, to which we have already alluded, that the adoption of such a remedy might be no less incompatible with the present railway policy of the South African Colonies than the present system, that is to say that, although it might be effectual so far as the oversea trade to the ports was concerned, it would not meet the necessities of the "in-transit" trade. The remedy which these witnesses considered best calculated to meet all the requirements of the situation was the establishment of a Board comprising representatives of all the interests concerned, including the Colonial Governments. Torbet, 5577. R. H. Price, 965, 1024.

(*a.*) *Consultative Board.*

99. Some of our witnesses were of opinion that this Board should be merely consultative in character. Mosenthal, 44.

(*b.*) *Board of Control.*

100. The majority, however, notably Mr. T. R. Price and Mr. H. F. Wilson, were of opinion that it should be armed with powers to settle rates of freight and classification, and to act as a Court of Appeal in all cases of dispute, in fact with powers somewhat similar to those of the Railway Commission in the United Kingdom. We do not think it necessary to describe in detail the manner in which the advocates of this remedy proposed that it should be applied. Few, if any, of our witnesses were prepared to do more than affirm the principle. We may, however, mention that Mr. T. R. Price, one of the supporters of the remedy, held strongly that the site of the tribunal should be in South Africa. R. H. Price, 957–62, 1023–25, 1052, 1059. Lerchen, 1532–33. T. R. Price, 4939–46, 5011. Wilson, 5788. T. R. Price, 5013.

(iii.) Exercise of Government Influence.

101. It was suggested that the Governments of the South African Colonies should use (*a*) their shipments, (*b*) the mail contract as a lever to obtain better terms for merchants. As regards (*a*) we have received no definite evidence from the witnesses appearing on behalf of the Colonial Governments either as to the practicability or desirability of such a proposal. Mr. T. R. Price's opinion was that such a course of action could only be practicable if the whole of South Africa were united. As regards (*b*), such evidence as we have obtained is of a negative character, the representatives of the Government of the Orange River Colony and the Postmaster-General of Cape Colony expressing the opinion that the mail contract should be kept quite distinct from questions of freight. We may mention that the present mail contract expires in 1910, and that, while we were at Cape Town, a Conference of delegates from all the South African Colonies was sitting to consider the conditions which should be inserted in the tenders for the next mail contract.

Salmon, 2006. Honey, 4716. T. R. Price, 5003. Salmon, 2006. T. R. Price, 4937-39. Northcroft, 5355-56. Wilson, 5815. French, 7022-47, 7062-69.

102. Various suggestions were made as to the methods by which the Governments should bring their influence to bear upon the Shipping Companies. Mr. R. H. Price thought that the Governments might insist on the insertion in the next mail contract of a clause stipulating the conditions under which merchants' goods were to be carried and providing for arbitration in case of dispute. Mr. Brown and Mr. Torbet thought that the Government should on the expiry of the mail contract invite tenders for the carriage of their own and merchants' cargo at fixed rates, the successful tenderers to be protected by countervailing port dues against cut-throat competition. Mr. Villiers suggested that what was wanted was a fresh agreement between shipowners and shippers, which should be as binding on the shipowners as the present agreement is on the shippers.

Brown, 2353. Torbet, 5572. Villiers, 5225.

103. That the Colonial Governments have by concerted action power to protect their own interests at any rate is, we think, shown by facts which were brought to our notice by Mr. T. R. Price and Mr. Wilson. The freight contracts which the Governments of the Cape, Transvaal, and Orange River Colony had with the Conference Lines expired on the 30th June last, and the Conference Lines refused to renew them. The Governments thereupon instructed their Agents-General to arrange for vessels to be chartered for their freight requirements, which they estimated would in the aggregate amount to from 50,000 to 60,000 tons a year. The Conference Lines then withdrew their refusal, and agreed to renew the previous contract till 31st March, 1908. The Governments who, in the meantime, had had an offer from an independent firm to carry at an all round rate of 22*s.* 6d. per ton dead-weight, loading at three ports in England, and discharging at three in South Africa, accepted the offer of the Conference Lines after considerable hesitation. It was stated, however, by Mr. Price, that it is very doubtful whether the Governments will be willing to renew on the same terms when the contract expires in March next. It may be mentioned that the contract thus renewed is said to be a more favourable one than the two years contract entered into independently with Natal a short time before.

T. R. Price, 4923 *et seq.* Wilson, 5801. App. XXIX. App. XXIX. (*b*).

104. The information which we have received as to the proportion of Government shipments to total oversea importation is as follows :—

(*a.*) *Cape Colony.*

105. Mr. Cock estimated that the importations of the Government amounte to about 12 per cent. of the whole if the supplies obtained from local merchant were taken into account.

Cock, 7197.

(*b.*) *Transvaal and Orange River Colony.*

106. Mr. T. R. Price informed us that the importations of the Governments of these Colonies including the Central South African Railways amounted to 5·33 per cent. of the whole. He could not state the percentages for the two Governments separately as the stores and materials imported by the Central South African Railways are used in either Colony as circumstances may require. Apart from the C.S.A.R. importations, the shipments on behalf of the Orange River Colony are inconsiderable. In 1906 they were, exclusive of specie, 220 tons.

T. R. Price, App. XXX. Wilson, 5776, App. XXXII.

(*c.*) *Natal.*

107. Mr. Salmon informed us that the Government importations amounted to approximately 5 per cent. of the whole. Salmon, 2007, App. XXXII.

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108. As regards the evidence as a whole, we wish to say that, while not discouraging expressions of opinion, we have throughout endeavoured to elicit from witnesses trustworthy facts and figures rather than generalisations. We have also endeavoured to ascertain as clearly as we could the grounds on which the demand of a large number of the importers and consumers of South Africa for a change in the existing conditions of the carrying trade is founded.

109. Mr. Campbell Cooke, Freight Manager of the Union-Castle Company, and Mr. Byron of Messrs. J. T. Rennie and Company, have been present on behalf of the Conference Lines at all our meetings; and they have communicated to the Secretary any questions which they desired to be put to witnesses. We have exercised a discretion as to putting these questions, but on many occasions, more especially when they related to matters of fact, they were of considerable assistance to us.

110. Owing to his work in Rhodesia on behalf of the Chartered Company, our colleague, Mr. Birchenough, found himself unable to be present at any of our meetings. We regret this the more as he was appointed to be a member of the Commission on the recommendation of the South African Governments to represent their interests.

111. Finally we desire to express our appreciation of the kindness shown and the assistance given to us in the prosecution of our inquiry by the Governments and Railway Administrations of the Colonies and by the Chambers of Commerce in all the towns which we visited. We would pay a similar tribute to the unvarying kindness and courtesy shown to us by the officials and agents of the Union-Castle Company.

We have the honour to be,
Sir,
Your obedient Servants,

A. E. BATEMAN
(*Chairman*).
JOHN MACDONELL.

J. A. WEBSTER
(*Secretary*).

The Right Honourable
ARTHUR COHEN, K.C.,
Chairman of the
Royal Commission on Shipping Rings.

PART II.

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APPENDIX I.

Questions which the South African Governments were asked to submit to persons intending to give evidence.

(A.)

QUESTIONS TO BE SUBMITTED TO WITNESSES OTHER THAN REPRESENTATIVES OF COLONIAL GOVERNMENTS.

1. In what manner or by means of what documents is the rebate system, so far as concerns the trade from South Africa, worked in South Africa?
2. Does or does not the merchant in South Africa get the benefit of the rebate:—
   (*a*) on consignments to South Africa?
   (*b*) on consignments from South Africa?
3. In what cases, if any, have rebates been forfeited by merchants in South Africa?
4. What objections, if any, have you (*a*) to the system of Rings or Conferences? (*b*) to the system of deferred rebates? Do you consider that these objections outweigh any advantages which are to be derived from the system of Rings or Conferences and the system of deferred rebates?
5. Has the effect of the system of deferred rebates and of the South African Ring been to divert trade from the United Kingdom to the United States of America or the Continent of Europe?
6. Do you consider the rates of freight (*a*) from the United Kingdom to South Africa, (*b*) from South Africa to the United Kingdom, to be excessive? If so, please state reasons for your opinion?
7. Are you aware of any preferences (secret or other) in the matter of rates having been accorded to favoured merchants or importers which are not accorded to all?
8. Would it be practicable for South African merchants to combine and charter tonnage in the open market for their consignments?
9. What remedy, if any, do you suggest?

(B.)

POINTS ON WHICH INFORMATION IS DESIRED FROM REPRESENTATIVES OF COLONIAL GOVERNMENTS.

1. The extent and nature of the cargo imported by the Government?
2. The methods by which the shipping business of the Government is conducted, and more particularly:—
   (*a*) whether shipments are made by the Conference Lines as a matter of course, or whether tenders are invited in the open market?
   (*b*) whether the Government is bound by the rebate system?
   (*c*) whether the Government is accorded (under contract or otherwise) lower rates than those accorded to merchants, and, if so, what is the extent of such preference?
3. Whether regular sailings and stable rates are regarded as essential or desirable by the Government from the point of view of administration, and, if so, whether such regular sailings and stable rates are in the opinion of the Government only obtainable under the rebate system?
4. Whether it would be practicable for the Government to make arrangements for the shipment of their goods by chartering steamers in the open market?
5. What course has been adapted by the Government when an opposition line has been started?
6. Whether it would be possible for the Government to use their shipments and the mail contracts as a means to obtain better terms for merchants?

APPENDIX II.

(*Furnished to the Sub-Commission by Messrs. D. Currie & Co.*)

(A.)

SOUTH AFRICAN FREIGHTS.

CORRESPONDENCE BETWEEN SIR DONALD CURRIE, G.C.M.G., LL.D., THE RIGHT HON. DR. JAMESON, C.B., M.L.A., PRIME MINISTER OF CAPE COLONY, THE RIGHT HON. F. R. MOOR, M.L.A., PRIME MINISTER OF NATAL, SIR T. E. FULLER, K.C.M.G., AGENT-GENERAL FOR THE CAPE OF GOOD HOPE, LONDON, AND MR. W. GARLAND SOPER, CHAIRMAN OF THE SOUTH AFRICAN MERCHANTS' COMMITTEE, LONDON—JANUARY, 1906, TO JUNE, 1907.

4, Hyde Park Place,
London W.,
5th January, 1906.

DEAR DR. JAMESON,

I HAVE not seen Mr. Maydon to-day, but after he and I parted yesterday, he telegraphed that he was afraid the concessions made were insufficient, whereupon I met the shipowners, and in the afternoon I settled with them some modifications which, I think, will be satisfactory to Mr. Maydon.

The accompanying letter, dealing with the whole subject, is in form something like what you wished me to send to you; but after you have read it you must please send it back to me if you do not fully approve of it and accept it as the basis on which you will give instructions to your Agent-General to deal with the stores here, and to assist you when you take up the matter in South Africa.

Yours very truly,
DONALD CURRIE.

The Hon. Dr. Jameson, M.L.A.,
2, Down Street, S.W.

4, Hyde Park Place,
London W.,
5th January, 1906.

DEAR DR. JAMESON,

AFTER the conversation which, in company with Mr. Maydon and Mr. W. Garland Soper, you had with me here yesterday forenoon, these gentlemen waited after you left and went fully with me, as you desired, into the question of relative rates of freight to South and East African ports.

I expressed my readiness, in harmony with their wishes, to see whether in meeting the shipowners in the City in the afternoon I could bring to a still better result, if at all possible, the points we were discussing, and I have been able to modify to some extent what had been proposed previously.

I told them, as I told your good self, that looking to the manifesto which, on behalf of the Conference, whether authorised by the Conference or not, appeared in the "Times" yesterday morning, with a leading article based upon it, the shipowners would not be encouraged to meet your suggestions in a cordial spirit,

in view of the hostile attitude of certain members of your Conference, who were using the public Press with but little evidence of a desire for a friendly arrangement.

I discussed with the shipowners the question of rates, and what answers should be given in regard to the proposals just received from the Agents-General of the Cape and Natal in regard to Government stores.

I will now state as briefly as possible what we are prepared to do, and it is understood between us, as you stated at our meeting yesterday, that this effort on your part, and on the part of Mr. Maydon, Mr. Soper, and myself, is wholly outside of the Conference, in order that you and Mr. Maydon may take to the Cape and Natal something which you and he may consider more satisfactory in the direction of a friendly settlement between the merchants and the shipowners.

1. I propose to you, on behalf of the shipowners, that the rates shall be as follows:—

	Classes.				
	I.	II.	III.	IV.	V.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Cape Town ...	42 6	30 0	22 6	20 6	20 0
Algoa Bay ...	42 6	30 0	22 6	20 6	20 0
East London ...	48 9	37 6	29 6	28 0	27 6
Durban	50 0	37 6	29 6	28 0	27 6
Delagoa Bay ...	52 6	40 0	32·0	30 6	30 0

These rates are not to come into operation until the end of six months or until the arrangement is confirmed and the necessary details settled. You will thus have the opportunity, up to the 30th June, of settling, on your return to South Africa, whether to agree to them, or to have recourse to the legislation which the Conference has told us it is the intention of the Governments of the Colonies to inaugurate against the shipowners, which intention has been largely communicated to the public Press.

2. Before the 30th June next it is to be settled between the Governments of South Africa, the merchants, and the shipowners whether these rates are to be accepted or not, and whether the arrangement is to be for six or twelve months thereafter, or for the period up to the termination of the Cape mail contract.

3. As regards Government stores, we are willing to continue the present contract for six months, to 30th June, 1906, upon the present basis, but the 20*s.* rate is to be limited to locomotives and railway carriages, but not parts. All other goods, except rails, to be at tariff rates less abatement as provided in the present contract.

4. The conditions upon which the foregoing is proposed are in conformity with a reply which, on behalf of the shipowners, I gave in my letter to the Conference, dated 18th December, 1905,

That is to say:—

(*a*) The contract for material and stores is to cover whatever the Governments of the Colonies may have for shipment to South and East Africa, or which they may require for the use of their various undertakings.

(*b*) The rebate circular of the shipowners to be modified as follows, viz.:—The 15 months to be reduced to 12 months, and the general arbitration clause to apply to any dispute respecting payment of rebates. One arbitrator to be appointed by the merchants and one by the shipowners, and the two arbitrators shall jointly appoint an umpire.

(*c*) The shipowners to be entitled, if they find it desirable, and in the interest of British manufacturers and merchants, to withhold the rebates on shipments made in Great Britain in the case of shippers who may support opposition steamers in America and on the Continent.

It has been a favourite argument with the opponents of the shipowners to protest, as if in the interest of British manufacturers, against the lower rates which, during opposition, have ruled from America, compared with those from Great Britain, which lower rates from America, as stated in our letter to your Conference of 5th December, have been largely due to the action of merchants themselves, in this country and in South Africa, who have made shipments by such opposition steamers from the United States to South Africa, and then argued that these opposition rates should be adopted by the shipowners in Great Britain.

It will be in your recollection that Mr. Jagger, supported by Mr. Hosken, at our Conference meeting, strongly protested against the proposals contained in this latter clause, on the simple ground that the American rates should be left free and open and as low as possible, in order that they and others might use such reductions to bring influence to bear upon the shipowners, and so compel reductions in Great Britain.

5. At an early meeting of the London Merchants' Committee, the shipowners will come to an arrangement as to classification of cargo, the alterations in the classification series from one class to another to be settled between the Merchants' Committee and the shipowners on the principle set forth in my letter to you of the 5th December last, in which I said we were prepared to meet the Merchants' Committee and to consider what alterations, if any, should be made in the classification of cargo.

6. In the endeavour to meet your wish, which was expressed at the Conference, to the effect that harbour boards, corporations, municipalities, and others, should be as far as possible influenced by the Governments of South Africa to agree to an arrangement whereby discrimination could be avoided, it is plain that if nothing satisfactory can be settled in this direction, the shipowners will be entitled to protect themselves as they may find to be necessary.

7. We agree that the merchants shall be charged for large quantities of rails the rates to be charged to the Colonial Government.

8. In the event of war, or any other political complication, interfering with trade to the prejudice of the shipowners the agreement shall be suspended.

9. We agree to have fixed sailings and not to take cargo on ship's account.

10. The compact of 1893 with the merchants, with such modifications as may be agreed by the shipowners with the London South African Merchants' Committee, shall continue in force until terminated by either party. It is to be understood that the shipowners are to be supplied with a copy of the verbatim Report of the proceedings at which they were present with members of the Conference, before you sail. I am sure that the shipowners will be gratified to find that Sir Alfred Bateman, Chairman of the Conference of Delegates, has written in to-day's issue of the "Times" that the frequent communications of information supplied to the Press since the Conference met have been unauthorised, and are declared to be misleading.

I remain, dear Dr. Jameson,

Yours very truly,

DONALD CURRIE.

The Hon. Dr. Jameson, M.L.A.,
2, Down Street, S.W.

100, Victoria Street,
Westminster, S.W.,
Saturday (January 6th, 1906).

DEAR SIR DONALD,

HAVE received your letter with the tentative proposal, which I understand, as you say, is an effort wholly outside the Conference, in order that Maydon and myself may do what we can at the Cape towards a friendly settlement.

I appreciate the tone of your letter, and will do my best to see that it is received in the same spirit.

As to your suggestion *re* the present contract being altered for the next six months, as I told you, this, if insisted on, I am sure will much militate against our success in coming to a solution, and I hope you will see your way to allow the present contract to continue on the existing basis for the next six months, pending a settlement of the larger question.

I have put Sir T. Fuller in possession of my views, and he will communicate further.

With kindest regards,

Yours sincerely,

L. S. JAMESON.

P.S.—We have communicated with Sir Alfred Bateman, and understand the verbatim notes you refer to will be supplied at once. Excuse haste.—L. S. J.

Sir Donald Currie, G.C.M.G.,
4, Hyde Park Place, W.

(Telegram.)

London, 8th January, 1906.

DR. JAMESON,
Passenger "Walmer Castle,"
c/o Blandy, Madeira.

AFTER long interview with Agent-General and his expert representatives, I have proposed to Agent-General that shipowners agree to add to Clause 3 of my letter of 5th January to you, after word "parts," the following words, begins:—"Bridge work, iron "and steel; unpacked pipes, wrought and cast iron "and earthenware; railway signals, railway tyres, "switches and crossings; telegraph and electric light "poles; wheels and axles; also benefit of lower rates "in tariff than Class 4 but without discount," Ends. It is, of course, understood that when the new proposals which you have in hand come into operation, the rates are to be net rates for Government shipments, that is to say without abatement, in accordance with the Delegates' Memorandum, Clause 1, of 15th December, confirmed by my letter of 18th December and referred to in Clause 4 of my letter of 5th January. I mention this because the matter was referred to by your Agent-General. Please inform Maydon.—CURRIE.

(Confidential.)

Cape Town,
22nd February, 1906.

GENTLEMEN,

I BEG to confirm what took place at the conversation which I, in company with Dr. Smartt, had with you, as representatives of the Union-Castle Company, this morning on the subject of a letter addressed to me on the 5th January, 1906, by Sir Donald Currie, containing further proposals in regard to arriving at an amicable arrangement with reference to shipping freights and other matters dealt with at the South African Conference held in London in December last. The point I dwelt upon, and to which I attach such great importance, was that, by Sir Donald Currie introducing into his offer the question of the modification of the present differentiation in rates as between Algoa Bay and Durban, the hope and possibility of arriving at an amicable settlement of this question is considerably minimised, and in fact to my mind wholly dissipated. At the Conference in London, this question of differentiation was on more than one occasion brought up and debated upon, and the point that I, as representing the Cape Colony, made clear was that, in view of the conclusions arrived at by the Johannesburg Conference with reference to the settlement of railway rates, it was impossible for the South African Shipping Freights Conference to modify the differentiation in freights without interfering with the Johannesburg agreement *qua* railway rates; the position being that railway rates were then fixed on the basis of the existing ocean rates of freight, and therefore, if the Natal claim be now conceded, the natural effect would be the immediate readjustment *pro tanto*, of the railway rates.

My point therefore is, in my desire to arrive at an amicable settlement with shipowners rather than see a final breach between them and the various South African Governments (which I fear would be the result of introducing this question of differentiation), to ask you to put to Sir Donald Currie whether or not he will authorise me to delete from his letter of the 5th January, containing his final offer, this question of differentiation, and in place of that to substitute a percentage reduction off the existing rates of freight to all ports. By so doing I feel sure that there will be a far greater prospect of coming to a settlement, which Sir Donald Currie knows it is my desire to see brought about. If he agrees to this course, I will then submit to the Freights Conference, which meets at Pietermaritzburg on the 8th March, his original letter, with the percentage reductions based on the existing rates in place of the figures now appearing in his letter. In putting this to him I would ask you to say that it is only what he, Sir Donald, at our meeting in London on the 14th December, 1905, admitted was not a matter for the shipowners to deal with, but one that should be settled between the Governments, either by a rearrangement of railway rates or in such other ways as they might agree amongst themselves.

As time is somewhat limited, I would suggest the matter being submitted to Sir Donald by cablegram.

I have the honour to be,
Your obedient Servant,
L. S. JAMESON.

The Joint Managers,
The Union-Castle Mail S.S. Co., Ltd.,
Cape Town.

S.Y. "Iolaire,"
Venice, 4th April, 1907.

DEAR DR. JAMESON,

I AM glad to learn that you have reached London in safety, and I hope you may have a successful time in dealing with important Colonial questions at the Conference of Colonial statesmen.

I think it well to communicate with you in regard to what Mr. MacLean has written to me under date the 6th ultimo. Mr. MacLean informs me that shortly before he wrote to me you and he had met, and that you had said you expected that after Mr. Conacher was able to report on the railway question this matter would be discussed in the Cape Parliament, and that this would be followed by another Railway Conference after the close of the Session. Further, Mr. MacLean stated what your views were now on the ocean freight question. He tells me you were of opinion that the principle of a percentage reduction on the existing rates of freight, set forth in your letter of 22nd February, 1906, addressed to Mr. D. C. Andrew and Mr. D. Pargiter, of the Mail Company at Capetown, was "the right one," and that afterwards it would be possible to adjust the railway rates on a "point to point basis."

I understand also from Mr. MacLean that you indicated that in any readjustment of the rates of freight the Government cargo would be secured for the Associated Lines. In order to comprehend the reference to what you had written as above to the Cape Town Agency, I have carefully read over to-day the copy of that letter which was sent to me at the time; and I think it well to reply direct to your good self, so that you may be able to consider the whole matter in London.

At the Conference meetings held at the Colonial Office in London towards the end of December, 1905, and in the early part of January, 1906, you had a full opportunity to learn the extent of the claims put forward by Mr. Jagger and by Mr. Hosken, as delegates from South Africa, and it is on record that you did not consider their excessive claims for a reduction of the rates of freight as reasonable. You told the Conference that if the negotiations with the steam lines fell through you would take an early opportunity to see me to learn if, independently of the Conference, there might not be a settlement. After the Secretary to the Conference had given notice to the shipowners that negotiations were to be considered as at an end, I was invited to meet you, Mr. Maydon (the representative of Natal), and Mr. W. Garland Soper (the Chairman of the London South African Merchants' Committee). As a result, the terms detailed in my letter to you, dated 5th January, 1906, were agreed to; you replied immediately very reasonably to me, and the Agents-General for the Cape and Natal concluded, with the approval of yourself and Mr. Maydon, the Agreement as to Government shipments which was come to between the Steam Lines and the Agents-General.

You had said in your reply to me, before leaving for the Cape next day, as follows: "Have received your "letter with the tentative proposal, which I under-"stand, as you say, is an effort wholly outside the "Conference, in order that Maydon and myself may "do what we can at the Cape towards a friendly "settlement.

"I appreciate the tone of your letter, and will do my "best to see that it is received in the same spirit."

Finally, on your return to South Africa you advised me that the offer contained in my letter of the 5th January, written with the approval of the other shipowners, and with the knowledge of Mr. Maydon and Mr. Garland Soper, had been declined.

Shortly afterwards I heard from you at Cape Town that you wished very much that I would withdraw from the proposal to allow a modification in rates favourable to Natal; while at the same time I received word from Natal that the Natal Government insisted upon a distinct increase of the advantage claimed for

that Colony beyond what was offered in my letter to you. I was therefore compelled to inform you, as well as Mr. Maydon, that in the dilemma of the position which the two Colonies put me in, I had no other course open than to let things remain *in statu quo.*

This being the position a short ago, what is the position now?

Well, as regards Natal, I am officially informed that Mr. Moor, the Premier, will meet me in London to claim at least the terms of my letter to you of 5th January, 1906, while from the Cape I am told plainly that your Government ask for the Cape that no differentiation at all in favour of Natal shall be allowed in respect of ocean rates of freight. How then, in view of this divergence of claims on the part of the Cape and Natal, am I to act? All I can do for the present is to ask you and Mr. Moor to talk the matter over before I reach London. It will be straightforward if I send him a copy of this letter, and to you a copy of what I write to him from here. If you cannot come to an understanding I shall ask the shipowners to meet me in order that I may be able to reply definitely to your good self and to Mr. Moor

But the question to be settled is not merely the rates of freight, which by comparison should fairly apply relatively to the Cape ports, to Natal, and to Delagoa Bay, but also certain conditions which the South African Merchants' Committee have submitted to the Royal Commission on Shipping Conferences, as claimed by them in connection with their approval of the rebate system. They ask specially that the Cape Government shall pay for their shipments the same rates of freight as merchants pay for berth cargo.

I have observed in the report of the evidence taken by the Royal Commission that it has been said that the shipowners have made no proposal for a settlement of freight matters since the Conference held at the Colonial Office last year. Now in reference to this, it is only just to the shipowners to inform you that in the course of last summer, and again before leaving London for the Mediterranean, I proposed to the South African Merchants' Committee that there should be a conference with the representatives of the steamship lines. These proposals, however, were declined. I understand that the Committee are waiting for the Report of the Royal Commission on Shipping Conferences.

Now I understand from you that you consider these freight discussions should be brought to a termination while you are in London, but I must assume that you will agree with me that, under the circumstances which I have related, it looks as if the shipowners would be compelled to decide for themselves what course they should take in a matter very seriously affecting their interests; and I venture to say it is hardly fair they should be expected to bear patiently the unjust and unreasonable charges persistently levelled against them.

May I ask you whether the Cape Government favours the claims which have been submitted to the Royal Commission on Shipping Conferences by the Merchants' Committee, to the effect that all Cape Government shipments must pay the rate of freight chargeable to merchants for cargo loaded on the berth?

I remain,
Dear Dr. Jameson,
Yours very truly,
DONALD CURRIE.

The Hon. Dr. Leander Starr Jameson, M.L.A.
London.

Venice,
6th April, 1907.

DEAR MR. MOOR,

IN a letter from our Natal Agency I am asked to consider your proposal to our representative there that the rates of freight mentioned in my letter to Dr. Jameson of the 5th January, 1906, should be adopted.

In order that you may see how the freight question stands, and all that has passed in regard to it, I shall enclose a copy of a letter which I have written to Dr. Jameson in answer to a letter received from Cape Town.

I am arranging to get to London in time to have the pleasure of meeting you. We can then talk over the freight question, and the other questions affecting the interests of Natal, in which we are mutually interested.

I remain,
Dear Mr. Moor,
Yours very truly,
DONALD CURRIE.

The Hon. F. R. Moor, M.L.A.,
Premier of Natal, London.

2, Down Street, Piccadilly, W.,
13th April, 1907.

DEAR SIR DONALD,

RECEIVED your interesting statement of the position, and see you naturally keep us on the horns of the old delemma *re* the Cape-Natal differentiation of freights; but I shall try to make Moor see reason, and shall hope to talk the matter over with you when you return to London. Hoping you are keeping well,

Yours sincerely,
L. S. JAMESON.

S.Y. "Iolaire,"
Naples,
19th April, 1907.

DEAR DR. JAMESON,

I THANK you for your kind note of 13th instant, in which you tell me, in answer to my letter of 4th, that I am keeping you, for the Cape Government, on the horns of the old dilemma *re* the differentiation between Cape and Natal freights.

You add that you will discuss the matter with the Premier of Natal; and I think that, as we should quite understand how we stand upon this question of differentiation, it will be well if you will allow me to add to what I have already written to you. The statement has been repeated so often that this question of differentiation in regard to the Cape and Natal was raised by me at the Conference at the Colonial Office, and that it proved an obstacle to a settlement, that it is desirable I should place on record what actually did take place. In the Report of the Conference of Delegates approved at the Colonial Office on 1st January, 1906, it was specifically stated that "the "final offer made by the Shipping Companies had in- "troduced an entirely new aspect so far as their "negotiations with the Conference were concerned."

Upon a reference to the published report of the meeting which the delegates held at the Colonial Office on 4th December, 1905, before there had been any meeting with the shipowners, I observe that a proposal was made by Mr. Jagger, delegate from the Cape, that a reduction of 25 per cent. upon the rates of freight should be demanded from the shipowners, whereupon Mr. Maydon said:—"I am not going to "consent to an all-round reduction upon the present "table if I am asked to accept the present basis (of "relative rates) as that on which the reduction is to "be calculated. I most distinctly shall vote the other "way."

Further, Mr. Maydon said:—"The proposition is "to make a reduction of the existing rates of freight "to Cape Town, Port Elizabeth, East London, and "Durban; I say, certainly not if that is the resolu- "tion I am asked to agree to."

To this you replied:—"This is a new subject "brought up just now by Mr. Maydon, not by me." Upon which the Chairman intervened by saying:— "It does strike me that I am here rather on false pre- "tences if you are not agreed as to what you want "from the shipowners."

The question of defferentiation in the rates to Natal compared with those to the ports of the Cape Colony was certainly mentioned to me, but this was towards the close of the Conference, as a justification for my claiming on behalf of the shipowners that if we were to arrive at a final binding settlement as to rates, rebates, and the like, it was absolutely necessary we should be satisfied that the different Colonies were in accord as to what should really be the proportionate ocean rates and any consequent reduction.

In a communication which you sent to me through our Cape Town Agency (28/2/06) in reference to an interview which the Agency had with you on the 22nd February, you intimated that I had introduced into the offer contained in my leter to you of 5th January, 1906, the question of the modification of the present differentiation in rates between Algoa Bay

and Durban, and that this in your opinion had "wholly dissipated the hope or possibility of a "settlement," and you desired that the Agency should ask me to "delete" from my letter of 5th January, 1906, this question of differentiation, and in place of it to substitute a percentage reduction of the existing rates of freight at all ports.

At the meeting of the delegates held at the Colonial Office on the 14th December, 1905, Mr. Maydon raised the question of the differentiation of rates between the different ports of South Africa. He said that Natal was paying a much higher rate than any other port on the coast, and that he would reserve the right to withdraw at any moment unless an agreement for the readjustment of rates between the various ports could be come to. On the day following you summed up the discussion—in the prospect of a meeting immediately afterwards with the shipowners—in these words: "Well, in the general interest of South Africa I pro- "pose that we accept Mr. Maydon's proposition, and "that the shipowners should be notified that Natal's "representative insisted the differentiation should be "subject to discussion," upon which, Mr. Maydon moved that the shipowners be notified that the question of differentiation of port rates would be reserved for consideration.

Here, then, we have it established that it was by Mr. Maydon, as representing Natal, and not by me on behalf of the shipowners, that the question of differentiation had been raised.

In discussing this question between yourself and the Premier of Natal, I hope it will be borne in mind that, apart altogether from the question of inland railway rates, due consideration should be given to the claim made by Natal, and by the merchants from time to time, for, whatever you may all do in South Africa as regards railway rates, there will still remain the imputation upon us that we maintain ocean rates which are unjust to Natal from a geographical point of view. This being so, a mere agreement between the two Colonies in regard to railways will not dispose of the question of differentiation. We should all seek to remove, and this for all time, any imputation of unduly favouring one part of South Africa to the disadvantage of any other.

Believe me, dear Dr. Jameson,

Yours very truly,

DONALD CURRIE.

The Hon. Dr. Leander Starr Jameson, C.B., M.L.A.,
London.

Naples,
19th April, 1907.

DEAR MR. MOOR,

I THINK it well to send to you a copy of a second letter which I have written to-day to Dr. Jameson, in answer to a short note from him acknowledging receipt of my letter of 4th inst. on the question of differentiation of rates, a copy of which I sent to you. You will observe in my letter that I show there are two sides to the question of differentiation, in so far as Natal and the Cape are concerned—on the one hand, the claim of Natal for a more favourable comparison in rates with the ports of the Cape Colony, which Dr. Jameson says should be considered in relation to the inland rates arrangement made between these Colonies; and on the other hand, the question raised by Natal with the Cape that the ocean rates should be reduced in favour of Natal, irrespective of the railway question.

I have repeatedly said, as I stated to the delegates at the Colonial Office in December, 1905, and early in January, 1906, that in order to satisfy these conflicting claims the proper course was for the Cape and Natal to settle not only their respective railway rates but all the port charges of their respective ports, which differ considerably; and that, this once done, the ocean rates of freight should be settled upon some geographical or other common-sense basis.

Instead of this being carried out, you have pressed me on behalf of Natal that we should reduce the rates to Durban, while on the other hand Dr. Jameson presses us to maintain the present relation of rates to the ports of the two Colonies.

In this dilemma, which is not of my seeking, I have endeavoured to set forth how the matter stands, and I trust that you and Dr. Jameson will give consideration to the matter before I have the pleasure of meeting you all in London.

Yours very truly,

DONALD CURRIE.

The Hon. F. R. Moor, M.L.A.,
London.

Hotel Cecil, London,
25th April, 1907.

MY DEAR SIR DONALD CURRIE,

I HAVE to offer you my sincere thanks for your letter of 19th inst., covering copy of your last letter to Dr. Jameson. I also wish to acknowledge with thanks the expressed sentiments contained therein and for your evident desire to see the just claims of Natal recognised.

I am looking forward to meeting you in London shortly.

Yours sincerely,

F. R. MOOR.

4, Hyde Park Place,
London, W.,
18th May, 1907.

DEAR MR. MOOR,

I PROMISED you yesterday evening to let you have a list of the relative rates which I proposed to the shipowners should apply to the ports of the Cape Colony and to Natal. They are as follows:—

	Class I.		Class II.	
	Present Rates.	Proposed.	Present Rates.	Proposed.
	s. d.	s. d.	s. d.	s. d.
Cape Town	42 6	42 6	31 3	30 0
Algoa Bay	42 6	42 6	31 3	30 0
East London	48 9	48 9	38 9	37 6
Durban	52 6	50 0	40 0	37 6

	Class III.		Class IV.		Class V.	
	Present Rates.	Proposed.	Present Rates.	Proposed.	Present Rates.	Proposed.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Cape Town...	25 0	25 0	22 6	22 6	20 0	20 0
Algoa Bay ...	25 0	25 0	22 6	22 6	20 0	20 0
East London	32 6	30 0	30 0	27 6	27 6	25 0
Durban ...	32 6	30 0	30 0	27 6	27 6	25 0

I hope you may be able to discuss the differential rates question with Dr. Jameson on the way to the Cape.

I shall communicate anything new to Sir William Arbuckle, and I shall sign the papers with him on Tuesday or Wednesday about your Government stores, the rates for mealies, manures, &c.

Yours very truly,

DONALD CURRIE.

The Right Hon. F. R. Moor, M.L.A.

4, Hyde Park Place,
London, W.,
18th May, 1907.

DEAR DR. JAMESON,

SINCE Mr. Mirrielees and I had the pleasure of meeting the Premier of Natal and your good self with Dr. Smartt, by appointment at the Office of the Agent-General for Natal on the 14th instant, you have been so pressed for time that you have been unable to meet me to consider, as was arranged, the questions of differential rates between the Cape and Natal, the Government Stores Agreement, the fruit shipments question, and the proposal which I made, in the interest of agriculture in the Cape Colony, Transvaal, and Orange River Colony as well as Natal, to charge

such low rates as would encourage the growth and export of mealies, &c., in addition to the suggestions which were offered as to the Ocean Mail Contract.

In these circumstances, I have only to repeat to you what I told Dr. Smartt yesterday, that having called a meeting of the shipowners engaged in the South African trade immediately after the interview at the Office of the Agent-General for Natal, I had reported the result to Mr. Moor, and to the Agents-General for the Cape and Natal, as well as to Dr. Smartt, as you were unable to find time to meet me.

The shipowners agreed that the rates which I proposed were reasonable and fair both to the Cape and to Natal. These rates are as follows:—

	Class I.				Class II.			
	Present Rates.		Proposed.		Present Rates.		Proposed.	
	s.	*d.*	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*
Cape Town	42	6	42	6	31	3	30	0
Algoa Bay	42	6	42	6	31	3	30	0
East London	48	9	48	9	38	9	37	6
Durban	52	6	50	0	40	0	37	6

	Class III.				Class IV.				Class V.			
	Present Rates.		Proposed.		Present Rates.		Proposed.		Present Rates.		Proposed.	
	s.	*d.*	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*	*s.*	*d.*
Cape Town...	25	0	25	0	22	6	22	6	20	0	20	0
Algoa Bay ...	25	0	25	0	22	6	22	6	20	0	20	0
East London	32	6	30	0	30	0	27	6	27	6	25	0
Durban ...	32	6	30	0	30	0	27	6	27	6	25	0

You will, no doubt, discuss the matter with the Premier of Natal on the way to the Cape.

In regard to Government stores, I have arranged with Natal that the Agreement between the Shipowners and Natal shall be extended for two years on the terms of the present Agreement, but with rails made 17*s.* 6*d.* instead of 16*s.* I shall be glad if you will inform your Agent-General whether you are disposed to extend the term of the present Cape Government Stores Agreement, and, in the expectation that you will do the same as Natal, I may assure you that we shall be prepared, with the other shipowners interested, to help the Colony as we are to help Natal, and, indeed, the Transvaal and Orange River Colony also in their agricultural development, by charging low rates for mealies homewards, and for manures, &c., outwards.

You told me that you were specially interested in the development of the fruit interest in the Colony, and, as mentioned to you, I have received from the representatives of that industry in this country an expression of their views and wishes, and to meet what you suggested, we shall at once see to what extent it will be desirable and possible for us to increase the accommodation for fruit, with the necessary appliances on board—both the mail and the intermediate steamers. I shall talk this matter over with Mr. MacLean when he arrives from Cape Town, and afterwards communicate with you. The rate of freight for fruit also will be immediately considered, as I hope that our Company will be able to propose to you terms that will be acceptable.

Dr. Smartt spoke of the mail contract at the office of the Agent-General for Natal, and I may as well repeat what I said to you a year-and-a-half ago, and the other day, namely: That it is only reasonable you should for South Africa enquire in good time whether a better service can be secured than that which the Union-Castle Mail Company is carrying on, and I go a little further by venturing to say to you that it is in the interest of the Colony that you should make inquiry as soon as possible, whether by public advertisement or otherwise, what offers you can receive for a suitable mail service.

If, as was suggested to me at the meeting at the Office of the Agent-General, the Cape Colony and the other Governments of South Africa should think it desirable to say whether, under an extension of the present mail contract, suitable terms with advantage to you all are possible, we shall be prepared to consider with your Agent-General and the Postmaster-General of the Cape, if he is to be in this country for a short time longer, whether any and what suggestions might be offered for the consideration of your Government, the Cape Parliament, and the Governments and Parliaments of the other States in South Africa.

I daresay you may consider that there may be a large advantage in securing such modifications and improvements in the present service as may be desirable immediately, without waiting for the termination of the present mail contract in three-and-a-half years. Dr. Smartt went into this matter with me very fully yesterday afternoon.

Wishing you a pleasant voyage,

I remain,

Yours very truly,

DONALD CURRIE.

The Right Hon. L. S. Jameson, C.B., M.L.A.

4, Hyde Park Place, W.

18th May, 1907.

DEAR MR. MOOR,

I THINK it right to enclose to you a copy of the letter which I have sent by the mail train to Dr. Jameson.

Wishing you every prosperity,

I remain,

Yours very truly,

DONALD CURRIE.

The Right Hon. F. R. Moor, M.L.A.

(Telegram.)

Southampton,
18th May, 1907.

SIR DONALD CURRIE,
4, Hyde Park Place,
London.

THANKS for letter. Glad to see you will consider reduction of fruit and phosphates rates. Sorry I could not see you again. Au revoir.

JAMESON.

(Telegram.)

Southampton,
18th May, 1907.

SIR DONALD CURRIE,
4, Hyde Park Place,
London.

THANKS sincerely for all your kindness and also for your invitation, which I heartily appreciate. The offer you have made regarding rates will be remembered by my Colony.

F. R. MOOR.

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3 and 4, Fenchurch Street,
London, E.C.,
23rd May, 1907.

W. Garland Soper, Esq.,
Chairman of the South African Merchants' Committee, London.

DEAR MR. SOPER,

I BEG to inform you that at a meeting of the shipowners engaged in the South African trade held in the City on Thursday, the 16th instant, to hear my report of what had passed at an interview with the Right Hon. Dr. Jameson, Premier of the Cape Colony, and the Right Hon. F. R. Moor, Premier of Natal, to consider the question of the relative rates of freight to the ports of the Cape Colony and of Natal, it was resolved that I should inform the Premiers as to the rates of freight which the shipowners would charge in future from Great Britain to Cape Town, Port Elizabeth, East London, and Durban.

I shall enclose to you a copy of the correspondence which passed between the Premiers and myself on the subject of differential rates of freight previous to the meeting at the Natal Agency Offices on the 14th instant.

You will remember that about a year ago, and again before I left for the Mediterranean in January last, I proposed to you that it might be of advantage if the Merchants' Committee would appoint some of their number to meet representatives of the shipowners, to see if an understanding could not be come to as to rates of freight generally, classification of cargo, the

rebates (commission to shippers) question, and other matters affecting the common interest. The Merchants' Committee, however, did not see its way to do so and preferred to wait for the Report of the Royal Commission on Shipping Conferences.

In these circumstances, and as the Premiers of the Cape and Natal while in this country desired to have something settled with the shipping Lines, while unable to arrange relative railway rates and port charges in South Africa, it became necessary for the shipowners to deal with the freights' question.

Following up what the hon. Mr. Maydon had urged on behalf of the Natal Government at the meetings of the Conference of the South African Delegates, held at the Colonial Office in December, 1905, and in the early days of January, 1906, the Premier of Natal claimed that the ocean rates to Natal should be modified, as compared with the rates charged to Port Elizabeth.

Mr. Moor (the Premier of Natal) pointed to the disadvantage Natal was suffering through the extra charge of 10*s.* per ton on first class, 8*s.* 9*d.* per ton on second class and 7*s.* 6*d.* per ton on third class, charged upon shipments to Durban, Natal, as compared with the rates charged to Port Elizabeth. It was unfair, he said, that there should be this difference against Durban, Natal, in favour of Port Elizabeth (for a distance of about 400 miles), seeing that the rates to Cape Town and to Port Elizabeth are identical, and that the distance between Port Elizabeth and Durban is about the same as that between Port Elizabeth and Cape Town.

The conclusion to which the shipowners came on the 16th inst. I now beg leave to communicate to you, and in doing so I enclose to you copies of the letters which I wrote to the Premiers of the Cape Colony and of Natal on the day they sailed for South Africa.

1. The rates of freight proposed are as follows:—

	Class I.		Class II.	
	Present Rates.	Proposed.	Present Rates.	Proposed.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Cape Town	42 6	42 6	31 3	30 0
Algoa Bay	42 6	42 6	31 3	30 0
East London	48 9	48 9	38 9	37 6
Durban	52 6	50 0	40 0	37 6

	Class III.		Class IV.		Class V.	
	Present Rates.	Proposed.	Present Rates.	Proposed.	Present Rates.	Proposed.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Cape Town...	25 0	25 0	22 6	22 6	20 0	20 0
Algoa Bay ...	25 0	25 0	22 6	22 6	20 0	20 0
East London	32 6	30 0	30 0	27 6	27 6	25 0
Durban ...	32 6	30 0	30 0	27 6	27 6	25 0

These rates are all with 10 per cent. primage.

2. Clause No. 1 of the compact of March, 1893, is altered to the advantage of the merchants, for I have to remind you that as, under that Clause, the compact declared that "important reasons having been "adduced why it may be reasonable for the rates of "freight to be increased" instead of being lowered, the shipowners are really entitled to increase the rates of freight instead of lowering them. Moreover, it should be borne in mind that the shipowners have from time to time actually reduced the rates of freight instead of increasing them, seeing that within the last few years they have transferred about sixty descriptions of cargo from one class to another, thereby reducing freight rates by from 2*s.* 6*d.* to 12*s.* 6*d.* per ton.

3. We agree to a modification of the conditions of the payment of the commission circular (known as the rebate circular) in (*a*) the reduction of the six months and nine months period to six months and six months, and (*b*) the reduction to 5 per cent. (which was the commission payable some years ago), as from and after 1st July, 1907, and until further notice, of the commission payable to shippers who may give their support without preliminary obligation in writing or otherwise, and who as hitherto may declare at the end of 12 months that they have fulfilled the conditions upon which commission is given.

4. The Steam Lines adhere to the compact made with the South African Merchants' Committee on 9th March, 1893, in regard to non-shipment of cargo on ship's account, except coals; regularity of sailings on fixed dates; and to Clause 4 of the compact referred to, in respect of (*a*), (*b*), (*c*), and (*d*), with 5 per cent. instead of 10 per cent. commission.

5. The rates quoted above are for merchants' cargo; they do not cover what is termed contract cargo or Government shipments. By contract cargo I mean considerable quantities which may be put up to public tender, such as shipments for Corporations, municipalities, and others.

6. Arbitration to be provided in the event of dispute as to the payment of rebates, one arbitrator to be appointed by the merchants, and one by the shipowners, and the two arbitrators to appoint an umpire.

7. The shipowners may, if they find it desirable, hold themselves free to consider whether or not they shall at any time give notice to withhold the commission on future shipments made in Great Britain in the case of shippers who, on the Continent, or in the United States, or elsewhere, may encourage opposition in order to bring about reductions of rates in Great Britain and thereby disorganise the trade.

8. The shipowners to arrange with the London South African Merchants' Committee as to classification of cargo; alterations in classification from one class to another, upwards or downwards, to be settled between the committee and the shipowners, in order to provide a classification just to both merchants and shipowners.

9. The shipowners agree that merchants shall be charged for large quantities of rails the same rates as may be charged to Colonial Governments.

10. In the event of war, or any political or other complications, interfering with the trade to the prejudice of the shipowners, this agreement to be suspended.

It is of interest to point out to you, what I have no doubt your Committee will observe, namely, that the alterations now proposed as to relative ocean rates at the ports of Cape Colony and Natal are happily to some extent in harmony with the wishes expressed by the South African Congress at their meeting in Pretoria, Transvaal, on 24th April last, which have opportunely reached me in a Report published by the "South African News," received by the mail steamer on the day the Premiers sailed for Cape Town.

The Report states that it was resolved, with regard to the ocean rates of freight to East London and Natal, that these should be fixed on a mileage basis, and this, on the motion of the Natal Delegate, supported by the East London Delegates, it appears was carried, as reported in the "Times" of the 21st instant, by a majority of 28 votes to six. It was also proposed by Mr. Jagger, and agreed to, that the rebate system "should be abolished at the earliest possible moment." I am glad the shipowners have been able to go halfway in meeting this proposal.

In conclusion, I take the liberty to suggest to you that it will be of advantage to all the interests concerned if a meeting can be arranged between your Committee and the shipowners, for representatives to meet together to go into the question of classification of cargo as indicated in what I have written to the Premiers of the Cape and of Natal, already referred to.

I remain,
Dear Mr. Soper,
Yours very truly,
DONALD CURRIE.
Chairman of the Meeting of Shipowners engaged in the South African Trade, held in the City on the 16th May, 1907.

(Extract.)

From "The South African News," 25th April, 1907.

REPORT of the South African Commercial Congress, held at Pretoria on 24th April, 1907.

(Referred to in Sir Donald Currie's letter of 23rd May, 1907, to W. Garland Soper, Esq.)

STEAMSHIP FREIGHTS.

Mr. Jagger moved the following resolution, on behalf of the General Executive Committee:—

That this Congress is of the opinion that the present rates of sea freight from the United Kingdom are excessive, and that rebates of freight by

the Conference Lines should be abolished at the earliest possible moment, in order that fair competition may be established among the various steamer lines for the future. This Congress would therefore recommend that, in entering into contracts for the conveyance of stores and material to South African Colonies, the Imperial and Colonial Governments should agree:—(1) To give no rebates to any shippers whatsoever; and (2) not to enter into any combination having for its object the maintaining of rates of freight above the ruling rates in the open market.

Mr. Jagger's resolution being carried, Mr. Henderson, of Durban, moved that the steamship rates from Europe and America to South African ports should be fixed on mileage distances, and not on an arbitrary basis.

This was supported by the East London delegates, and opposed by Port Elizabeth. The motion was carried, the Port Elizabeth delegates requesting their votes against it to be recorded.

Mr. Jagger proposed that in the new Ocean Mail Contract the Governments of South Africa should give effect to the following principles:—

That public tenders be called for in the open market; that the new service should provide for a greater speed, equivalent to a reduction of 24 hours both on the outward and homeward-bound steamers; and that the Government's freight requirements should be kept separate and distinct from the mail contract.

With regard to speed, he said they had to go back to 1890 for the record voyage by the old "Scot." The Union-Castle Line claimed to be able to do 17 knots an hour, and on this basis the voyage should take 14 days 16 hours.

Mr. Wiener seconded the resolution, which was carried unanimously.

54, St. Mary Axe,
London, E.C.,
30th May, 1907.

Sir Donald Currie, G.C.M.G., LL.D.,
Chairman of the Meeting of Shipowners engaged in the South African Trade, held in the City on the 16th May, 1907.
4, Hyde Park Place, W.

DEAR SIR DONALD CURRIE,

IMMEDIATELY on receiving your important communication of the 23rd May, 1907, together with a printed copy of the correspondence between yourself and the Premiers of Cape Colony and Natal, I summoned a meeting of the Merchants' Committee, which was held at Winchester House to-day.

At the outset, I may say that the reason the Merchants' Committee felt themselves unable to appoint a delegation to meet representatives of the shipowners, proposed by you in January last, was because the Royal Commission on Shipping Conferences was at that time about to commence their investigations; and the Merchants' Committee felt that they should deliberate by themselves alone before one of their number gave evidence on their behalf. Are you not, therefore, in error in stating that the Merchants' Committee preferred to wait for the Report of the Royal Commission?

The Merchants' Committee were and are unaware that the Premiers of the Cape Colony and Natal expressed a desire, while recently in this country, for the settlement of the freights question; and, what is more, from the communications which passed between the Premiers and you, as set out in the printed correspondence, it would not seem that a settlement has been attained.

As this Committee understand the position, the Conference Lines met on the 16th May; and, having deliberated amongst themselves, have felt it necessary to deal with the freights question, and, accordingly, have formulated rates of freight—made a modification of the rebate system—and dealt with the terms of the Compact of the 9th March, 1893.

In respect of the rates of freight to Cape Town, Algoa Bay, East London, and Durban, the scale now proposed differs from the proposal made by the Conference Lines on the 5th January, 1906, in the following manner:—

The rates in the 1st and 2nd Classes to all ports are quoted the same.

The rates in the 3rd Class are increased for all the ports—for Cape Town and Algoa Bay by 2*s.* 6*d.*, and for East London and Durban by 6*d.*

The rates in the 4th Class for Cape Town and Algoa Bay are increased by 2*s.*, and for East London and Durban decreased by 6*d.*

The rates in the 5th Class to Cape Town and Algoa Bay are quoted the same, and to East London and Durban are decreased by 2*s.* 6*d.*

But it will be remembered that after the Shipping Conference in London in 1905/6, even the lower scale of rates proposed in the letter from the Conference Lines, under date 5th January, 1906, was not accepted either then or at the subsequent Pietermaritzburg Conference. Judging from the correspondence which appears to have passed between yourself and Dr. Jameson and Mr. F. R. Moor, it would seem that the Premier of Natal is more satisfied than the Premier of the Cape Colony, who apparently abides by the expression of his opinion, as recorded in his letter of the 22nd February, 1906, to the Joint Managers of the Union-Castle Mail Steamship Co., Ltd., wherein he says:—

"If the Natal claim be now conceded, the "natural effect would be the immediate re-adjust-"ment *pro tanto* of the railway rates."

In view of these facts, this Committee do not feel justified in accepting the suggestion made in your letter to proceed to a discussion as to the question of the classification of cargo; because the basis rates themselves are not yet settled. We do not observe that any rates have been formulated with respect to Delagoa Bay.

Turning now to the modification of the rebate system, it will be observed that such modification, although at first sight it seems a concession, in point of fact works out to the detriment of shippers. The alteration as to the time of payment only makes a concession of three months' interest; but to receive a return of 5 per cent. instead of 10 per cent. commission increases by 5 per cent. the rates of freight on all classes. We observe that in the Notice to Shippers of the 1st March, 1904, the declaration is that merchants have confined their shipments to the Conference Lines for six months, whereas in your letter of the 23rd May, you say, referring to this point, "who as "hitherto may declare at the end of 12 months," to which alteration this Committee do not consent. We fail to note in your letter the re-affirmation of the agreement of the 27th January, 1898. To this arrangement the Merchants' Committee attach great importance.

Having regard to the Compact of the 9th March, 1893, and especially to Clause 1, it cannot be overlooked that rates of freight are materially changed by lapse of time, whereas the other arrangements of the Compact are more or less permanent principles, not so liable to change.

Except to remind the Conference Lines that Clause 4 in its present form has been found to be inadequate in operation, it seems unnecessary at this stage to refer in further detail to the terms of the Compact, or to the other points raised in your letter. We may, however, add, that our Chairman was authorised by the Committee in the evidence given by him before the Royal Commission to say:—

"If, on the other hand, the rebate system is "retained, the following conditions must be "secured:—

"Reasonable rates of freight;

"Modification of the terms of the rebate "system inclusive of adequate protection;

"Abolition of preferential contracts;

"Despatch of steamers on fixed dates;

"Undertaking by shipowners not to take "cargo on ship's account, except coals, to fill "up;

"New classification of goods and at reduced "rates of freight; and

"The system of Arbitration, defined above, "to cover all points in dispute."

The system of Arbitration referred to was that proposed at the Freights Conference in London, viz.:—"Any dispute to be settled by one Arbitrator appointed "by the London Merchants' Committee and another "by the Shipowners, and, in the event of the two "Arbitrators differing, they shall submit the matter "to someone appointed by the Board of Trade."

This Committee, on the whole, emphatically prefer the arrangement suggested at the Shipping Conference at the Colonial Office in 1905-6, to the effect that practically all shippers—inclusive of Colonial Governments—should pay the same rate of freight; and, if there is to be any variation from such an arrangement, this Committee remain of the opinion expressed in their Memorandum of the 30th November, 1905, that the rates of freight should be uniform to all private individuals, firms, limited companies, and corporations whatsoever, except solely Governments and important municipalities, and neither of these to have a preference in their favour exceeding 10 per cent. below the agreed tariff rates. The Committee note that in your letter under reply, you make the exception in favour of "Government shipments" and "shipments "for corporations, municipalities, and others;" and this exception may include the "private individuals, "firms, limited companies, and corporations" to which the Committee object.

Reviewing the situation existing at the present time, this Committee regret that a further discussion of the whole subject should not have been postponed until some definite expression from the mercantile community in South Africa should have been made known after the return there of the Premiers of the Cape Colony and Natal.

I remain,
On behalf of the South African Merchants' Committee,
Faithfully yours,
WM. GARLAND SOPER,
Chairman.

W. Garland Soper, Esq.,
Chairman of the South African Merchants' Committee, London.

London,
4th June, 1907.

DEAR MR. SOPER,

I BEG to acknowledge receipt of your esteemed letter of the 30th ultimo, which has been submitted to the shipowners at a meeting held in the City to-day.

2. My reference to the fact of our having proposed to your Committee to meet the shipowners, not only in January last, but about six months previously, was quite correct; the Royal Commission on Shipping Conferences was not appointed at the first period referred to, and its operations at the time you name did not necessarily prevent our meeting together.

3. In regard to the third paragraph of your letter, I need only say that it was to consider the freight question and differential rates to the ports of the Cape and of Natal that I was invited to meet the Premiers of these Colonies at the Offices of the Natal Government Agency. I promised to Dr. Jameson and to Mr. Moor that I would call the shipowners together and report what had passed; the report of this meeting I communicated to the Premiers and to yourself.

4. It is quite true that the rates of freight detailed in my letter to you of the 23rd May, 1907, are not the same as were proposed at the interview which I had with you, for your Committee, when Dr. Jameson called with you and Mr. Maydon at 4, Hyde Park Place a day or two after the Conference at the Colonial Office had broken up. The result was detailed in my letter to Dr. Jameson of the 5th January, 1906, the day before he sailed for Cape Town. The rates and conditions then arranged, and set forth in my letter, were, however, declined after Dr. Jameson's return to South Africa, and they need no longer be referred to.

5. The meeting with the Premiers of the Cape and of Natal on the 14th ultimo, had special reference to the differential rates charged to the Cape Ports, and compared with the rates charged to Durban, a subject which has for a long time past aggravated the discussion in South Africa on the freights question. We are fully aware that the question of differential rates is considered at the Cape and in Natal in connection with the railway rates question and the question of the charges at the ports of the Cape Colony and of Natal. But you must have observed that in my letter to the Premier of the Cape, dated the 4th April, 1907, I distinctly pressed, as we had often pressed before, for a settlement to be come to between the Colonies themselves as to their relative railway rates and port charges, which the shipowners would be prepared to follow in fixing their rates of freight. I was compelled to intimate to Dr. Jameson in my letter referred to that, failing some such settlement between the Colonies, the shipowners would be compelled to take action in regard to their ocean rates.

6. It is not fair that the shipowners, who have no influence or control over the railways, should be repeatedly charged with having a desire to maintain excessive through-rates for traffic to or from the Transvaal, the Orange River Colony, and Rhodesia.

7. In regard to the commission which the shipowners allow for support from shippers, my letter to you of the 23rd ultimo is to be taken to mean (*a*) that we impose no obligation upon merchants to ship by our vessels, and that we ask for no contract or binding agreement from merchants that they shall so ship their goods as a condition of the payment of the commission; and (*b*) that we agree to pay the commission at the end of a given period upon receiving from each shipper the simple declaration that he has given his exclusive support.

8. This commission is not a return (or rebate) of freight; it is not a return of the primage which is part of the freight; it is not the money of the merchants who ship the goods; and the merchant is not entitled to interest upon it from time of shipment until paid to him. The commission, as the word implies, is an allowance given by the shipowner after having received assurance that he has been so supported. As regards the agreement of the 27th January, 1898, Clause 1, with regard to the enjoyment of the commission on their other shipments, will still apply; and Clause 2 and the Compact of 1893 are confirmed in so far as not modified by my letter of the 23rd May, 1907.

9. You state your view of the difference which you consider obtains between Clause 1 of the Compact, as to increase of rates, and the other clauses of the Compact of 1893. We take it that the Compact is to be looked at as a whole.

10. We do not fail to observe your remarks with respect to the evidence which your Committee decided you should give to the Royal Commission. The position is that which was taken on behalf of the Committee at the Conference of Delegates at the Colonial Office but inasmuch as the condition quoted by you in regard to what you term rebates made your acceptance of the rebate system dependent upon the Cape Government agreeing to pay merchants' freight rates for their Government shipments, which condition the Cape Government have refused to carry out, the shipowners are naturally unable to see how they can be held responsible for the failure of what your Committee desire and proposed, and which the shipowners have no power whatever to carry out.

With regard to arbitration, my letter specifies how this, if desired by the merchants, is to be carried out, and the proposal is exactly what I put forward with the approval of Mr. Maydon and yourself in my letter to Dr. Jameson on the 5th January, 1906.

I gather from the concluding portion of your letter that either now or at some suitable time after you have received the expression of opinion from South Africa which you suggest in the last paragraph, your committee may be able to meet the shipowners; and I am to assure you on their behalf that we shall be prepared to meet your committee, at any time convenient to you, to consider whether and in what manner it may be of advantage and advisable to alter in any particulars, not only classification of goods but rates generally, the differentiation of rates on the coast, and any other matters of common interest. In the meantime, I beg to confirm the intimation contained in my letter of the 23rd May.

In regard to the rates of freight to Delagoa Bay, these will be adjusted fairly in relation to the rates to Natal and the Cape ports.

Yours very truly,
DONALD CURRIE.
Chairman of the Meeting of Shipowners engaged in the South African Trade, held in the City to-day.

The Agent-General
For the Cape of Good Hope.
100, Victoria Street,
Westminster, S.W.
4th June, 1907.

DEAR SIR DONALD CURRIE,

I SEND you a copy of a cablegram I have just received from Dr. Jameson. Will you authorise me to tell him that the statement he quotes is without foundation?

"See in papers Donald Currie put in force "new differentiation between Durban and Cape "Ports. Surely this untrue. Please see him at "once and remind him that at meeting Natal "Agency I refused consider any alteration present "differentiation until Railway Conference met."

I did not understand from you that any mercantile arrangement had been come to, but only that the proposed tariff on page 12 of the papers was submitted for discussion.

Yours faithfully,
THOS. E. FULLER.

Sir Donald Currie, G.C.M.G.,
4, Hyde Park Place, W.

4, Hyde Park Place,
London, W.
5th June, 1907.

DEAR SIR THOMAS FULLER,

I BEG to acknowledge receipt of your letter, dated 4th instant, containing a cablegram which you have from Dr. Jameson.

It was not agreed, so far as I am aware, at the meeting at the office of the Agent-General for Natal on the 14th ultimo, that the differential rates question was to stand over until the Railway Conference should meet.

Upon the first mention at the meeting of differential rates, Dr. Jameson turned to me and asked me explicitly to reply whether, in regard to differential rates between the ports of the Cape and Natal, the shipowners were prepared to accept a settlement on the basis of geographical position. To this I immediately replied in the affirmative. The Premier of Natal for his part at once assented, saying that he agreed to this mode of settling the differential rates question.

It will be in your recollection and in the recollection of the Agent-General for Natal, who was present, that in regard to the geographical position I stated it should be borne in mind that the merchants of Port Elizabeth had been accustomed to have equal rates with Cape Town.

In the printed correspondence which I handed to you, the whole question of rates, commission, &c., is fully dealt with.

In my letter to Dr. Jameson, upon his leaving for the Cape, I expressed the hope that he and Mr. Moor would arrive at an understanding as to the relative positions of the two Colonies in respect of railway rates and charges.

Immediately after the sailing of the Premiers for the Cape on Saturday, 18th May, I received by the incoming mail a copy of a South African newspaper, dated Pretoria, 24th April, 1907, in which there appeared a full report of a meeting of the South African Congress, which took into consideration ocean rates, coast rates, the commission (so-called rebate) and the ocean mail contract.

I have explained to the Chairman of the Merchants' Committee, in the letter from the shipowners dated 23rd May, (*a*) how under these circumstances the shipowners were prepared to act in the direction indicated by the motion of Mr. J. W. Jagger, M.L.A., of Cape Town, at that meeting of the Congress, that "the "rebate system should be abolished at the earliest "possible moment," and (*b*) the readiness of the shipowners to adopt as far as possible the basis of a mileage system, in regard to which the Congress passed a resolution by a majority of 28 to 6, and which in principle appeared to be in harmony with the geographical basis proposed to the Premier of Natal and to myself at the meeting at the office of the Agent-General.

After the meeting of the shipowners yesterday, I forwarded to Mr. W. Garland Soper, Chairman of the Merchants' Committee, our answer to his letter of the 30th ultimo, and I enclose to you a copy of these two letters.

Yours very truly,
DONALD CURRIE.

Sir Thomas E. Fuller, K.C.M.G.,
Agent-General for the Cape of Good Hope,
100, Victoria Street, Westminster, S.W.

54, St. Mary Axe,
London, E.C.,
7th June, 1907.

Sir Donald Currie, G.C.M.G., LL.D.,
Chairman of the Meeting of Shipowners engaged in the South African Trade, held in the City on the 4th June, 1907.
1, 2, 3, and 4, Fenchurch Street, E.C.

DEAR SIR DONALD CURRIE,

I BEG to acknowledge the receipt on the 4th instant of yours of the same date.

I have had the same printed, and I am forwarding a copy of it to every member of the committee—to the subscribers—and to the Chambers of Commerce in South Africa.

In view of the statement publicly announced that the Royal Commission on Shipping Rings have decided to send a Sub-Commission to take evidence in the South African Colonies, I am instructed by my committee respectfully to say that in their opinion it is not desirable at the present time further to discuss the terms of your letter now received.

Believe me,
Faithfully yours,
On behalf of the South African
Merchants' Committee,
WM. GARLAND SOPER,
Chairman.

(B.)

SOUTH AND EAST AFRICAN FREIGHTS.

FURTHER CORRESPONDENCE BETWEEN THE PRIME MINISTER OF THE CAPE COLONY; THE HON. W. A. MARTIN, M.L.C., JOHANNESBURG; ALEXANDER FETTES, ESQ., MAYOR OF PORT ELIZABETH, AND SIR DONALD CURRIE, G.C.M.G.; ALSO A LETTER FROM SIR DONALD CURRIE TO HIS EXCELLENCY THE EARL OF SELBORNE, G.C.M.G., &C., &C.

Prime Minister's Office,
Cape of Good Hope.
Cape Town,
26th June. 1907.

SIR,

IN connection with the recently published correspondence announcing the intention of the shipowners engaged in the South African trade to enforce a new tariff of rates from the 1st July, which tariff is calculated to prejudice the interests of the merchants and the public generally of this Colony, I am directed by the Prime Minister to transmit to you certain resolutions passed by a meeting of the Port Elizabeth Chamber of Commerce protesting against your threatened action:—

"That this Chamber accords its emphatic pro-"test against the alterations in shipping freights "proposed in the letter of Sir Donald Currie, "chairman of the meeting of shipowners engaged "in the South African trade, held in London on "16th May, 1907, in his letter dated 23rd May, "1907, to the South African Merchants' Com-"mittee, on the grounds:—

(*a*) "That the proposals, while professing to "reduce rates generally, will in reality "increase them by the manipulation of "the rebate commission.

(*b*) "That as regards competitive traffic to the "Transvaal and Orange River Colonies, "they give to Natal a preference which "the Minutes of the South African Rail-"way Conference of February, 1905, "show would be unfair to the Cape ports.

(*c*) "That an immoral attempt is made, by "making the rebate commission on ship-"ments from the United Kingdom and "Continent dependent on shipments from "the United States of America by Con-"ference Lines of steamers, to evade the "anti-rebate law of that country."

In forwarding these resolutions, at the request of the Chamber of Commerce, the Prime Minister desires me to state that he firmly adheres to the position consistently taken by him, as representing the Colony, that this Government cannot for one moment consider or entertain any proposition which has the effect of modifying the existing differentiation in rates between the ports of this Colony and other South African ports. This attitude, as you are aware, is adopted in view of the fact that the present railway rates from coast ports to consuming centres in the inland Colonies were calculated on a continuance of the present basis of ocean freight rates. It is at once apparent, therefore, that a disturbance of the one must necessarily involve a reconsideration of the other.

Dr. Jameson desires me to repeat again that the whole question must remain in *status quo* pending its reconsideration by the inter-Colonial Conference shortly to be held, unless the shipowners are prepared to offer some real advantage to the people of South Africa in the shape of a percentage reduction on existing rates. Such an offer would be evidence of the desire of shipowners to remove this prolonged agitation, as an offer of this nature, if adequate, could hardly be refused by any Colony, seeing that it would result in a reduction of cost to the consumer, wherever situated in South Africa, without involving any disturbance of the present basis of calculation.

I have the honour to be, Sir,
Your obedient Servant,
R. SOTHERN HOLLAND,
Secretary to the Prime Minister.

Sir Donald Currie, G.C.M.G.,
London.

S.Y. "Iolaire,"
Scalpay, Broadford, Skye,
20th July, 1907.

SIR,

I BEG to acknowledge receipt of your letter of 26th June, in which you communicate to me the views of the Prime Minister of the Cape Colony on the subject of the rates of freight advertised from 1st instant. You transmit in your letter by direction of the Prime Minister, certain resolutions passed by the Port Elizabeth Chamber of Commerce in regard to these rates; and I submit the following observations in regard to these resolutions, with all due respect to the Prime Minister and to the Port Elizabeth Chamber of Commerce.

In regard to Clause (*a*) of the resolutions, the proposal referred to applied to differential rates and not simply to the reduction of rates generally. These differential rates have been complained of for a long time past, and it is not reasonable to argue that in view of some possible future settlement of railway rates the shipowners should continue to be exposed to the persistent charges levelled against them of enforcing unfair differential rates to ports along the coast of South Africa.

(*b*) The shipowners are far from wishing to act unfairly to the Cape ports; they have only sought to remedy manifest disadvantages between one port and another, and in harmony with the claims put forward by the representatives of Delagoa Bay and of Durban at the meetings with the South African delegates held at the Colonial Office eighteen months ago.

(*c*) I am not aware of any rebate law in the United States which is intended to apply to ocean shipping, and the indications given by the shipowners of their reservation of the power to prevent merchants from provoking opposition in British ports, by assisting competition in American ports, cannot justly be considered as entitling the Chamber to use the language employed in this resolution. If there is any justification for the terms so employed, what is to be said of those who for years past, while claiming to be acting in the interest of British manufacturers, and in order to secure reductions in the United Kingdom, have placed their orders with American manufacturers instead of with British, and have done what they could to reduce the rates of freight in American ports, while they complain of the reductions they helped to bring about?

In reference to the concluding portion of your letter suggesting on the part of the Prime Minister a percentage reduction on the rates existing at the time the letter was written, and his remark that such an offer would be evidence of the desire of shipowners to remove this prolonged agitation, I beg to say that the question as to rates of freight was fully discussed at the meetings held between the delegates and the shipowners at the Colonial Office at the time referred to. The Prime Minister, as you inform me, says that the reduction which he suggests "if adequate, could "hardly be refused by any Colony seeing that it would "result in a reduction of cost to the consumer wher-"ever situated in South Africa." Now, may I ask who is to judge of what is "adequate" in respect of rates of freight, and also how it can be supposed that any possible reduction of freights could by any chance benefit the consumer?

At the first meeting of the delegates in December, 1905, before their interviews with the shipowners, Mr. J. W. Jagger, M.L.A., proposed that a claim should be made upon the shipowners to reduce the rates 25 per cent. Two days afterwards, when the shipowners were received by the delegates, the 25 per cent. claim was reduced to 20 per cent., and from time to time, as more correct information from the shipowners came into the possession of the delegates, the claim to a reduction of freight was modified to 15 per cent., then to 12½ per cent., then to 10 per cent., and at last to about 7½ per cent. The 20 per cent., it was admitted by the delegates, would have meant a reduction from the revenue of the Steam Lines of about half a million sterling, in regard to which extraordinary claim Mr. Birchenough said:—"As to the proposed reductions, there is no trade in "the world that could stand such a reduction," and he added, "Between ourselves, it is obvious that the "people in South Africa have talked rather wildly "about what is possible, expectations having been raised "which cannot be fulfilled." The Prime Minister himself expressed pretty much the same view, for he said:—"Mr. Jagger's proposal of 20 per cent. would "mean that we ask the shipowners to take off "£500,000 at one stroke. I think it is an impossible "proposition."

At that meeting the delegates were not at all agreed as to what would be an "adequate" claim upon the shipowners. It has been a favourite argument of the agitation against the shipowners to set forth to the South African public the enormous advantage which would accrue to the consumer if the extravagant claim for reduction above referred to could be carried out; but in the light of Lord Selborne's able despatch to the Governments of South Africa, in which he showed that the railway rates are fixed upon no scientific or permanent basis, but are subject to political influences of all kinds which prevent them from adjusting themselves to the natural conditions of commerce and industry, it is quite clear, in Lord Selborne's words, that "so long as railway rates are determined rather "by political exigencies than by business principles, "they will add to the uncertainty of the conditions "upon which the trade and industry of the country "depend, and hinder their development on natural "and healthy lines."

I will only add one word upon the argument that the shipowners should charge rates of freight which are "adequate" in the judgment of the Governments and traders of South Africa—that is to say, that surely these rate of freight should be "adequate" also in the judgment of the shipowners to compensate them for the risks they run and the services which they render.

For the information of the Prime Minister and of the Port Elizabeth Chamber of Commerce, I enclose to you a copy of a letter which I have written to Mr. W. A. Martin, M.L.C., with reference to his address to the Johannesburg Chamber of Commerce. I shall be obliged if you will give a copy of this letter and the enclosure to the Port Elizabeth Chamber of Commerce.

I have the honour to be, Sir,
Your obedient Servant,
DONALD CURRIE.

R. Sothern Holland, Esq.,
Secretary to the Prime Minister of the
Cape of Good Hope, Cape Town.

S.Y. "Iolaire,"
Scalpay, Broadford, Skye,
20th July, 1907.

DEAR SIR,

I HAVE received from the Cape a copy of the "Transvaal Leader" of 14th June, in which there is a report of your speech at the meeting of the Johannes-

burg Chamber of Commerce held on the day previous, and as I have the pleasure of your acquaintance, and note the care which you have taken to prepare your statement, I may be allowed to offer the following observations.

1. You deal exhaustively with the question of relative railway rates and the proposals contained in the able and interesting despatch which Lord Selborne, as Lord High Commissioner, has communicated to the different Governments of South Africa. Lord Selborne has brought to the public notice very opportunely the extreme importance of a consideration how to remedy the rivalry which has for a long time past existed between the ports and railway systems of South Africa. His Lordship points out that these railway rates are based upon no scientific or permanent basis, but are subject to political influences of all kinds which prevent them from adjusting themselves to the natural conditions of commerce and industry, and he concludes that, so long as railway rates are determined rather by political exigencies than business principles, they will add to the uncertainty of the conditions upon which the trade and industry of the country depend, and hinder their development on natural and healthy lines.

Lord Selborne states also very distinctly, "It is quite "clear that any attempt to determine the route of over-"sea traffic by means of railway rates must, in large "measure, be ineffective." Now for a long time past it has been the habit of the leaders of the freight agitation in South Africa to direct their attacks upon the steamship lines by imputing that the cost of living in South Africa is largely and in great measure due to what the Commission of Delegates, which met at the Colonial Office 18 months ago, termed "excessive" rates to South Africa, detrimental to its interests.

I need not enter into a long discussion of this point, but I may call your attention to the fact that throughout the proceedings of that Conference very strong statements were made by certain of the Delegates from South Africa, 25 per cent. being set down at the first meeting of the Delegates as the reduction of freights which should be claimed from the shipowners. This was modified subsequently to 20 per cent., then to 15, 12½, 10, and, finally, to 7½ per cent., in view of the fuller information which was submitted to the Conference by the shipowners.

The question of differential rates was referred to by me at that time for the simple reason that the representatives of Natal and Delagoa Bay entirely objected to any settlement of rates which did not take differentiation into account; and the present agitation against the rates which have been advertised from 1st July, intended to dispose as far as possible of differentiation, but not of the general question of the rates of freight, does not appear to take into account the repeated declarations of the shipowners that it was wholly unreasonable that they should be held up to public reproach by the leaders of the freight agitation for maintaining rates favourable to some ports to the prejudice of the others.

It gratifies me to observe the dispassionate manner in which you deal with the whole freight question, and with railway rates; and it will be of no small advantage to all the interests concerned if you are able to press forward, as I am informed will be possible, amongst the Governments of South Africa, the settlement of the port charges and railway rates, which, if carried out, will admit of a joint consideration with the shipowners of what may be a fair basis for ocean rates, as well as railway charges.

It is now made manifest by Lord Selborne's despatch, what was well known to merchants and shipowners before, that it is to the railway rates the consumer in South Africa has to look for relief, and not, as has been charged against the steam lines, to the shipowner in respect of ocean freights.

2. In regard to primage you have stated: "At the "present time 10 per cent. primage is added to the "freight; this sum is reckoned up to the end of six "months, and is placed to the credit of the shippers, "but is not paid to him until a further period of nine "months has elapsed, and then only if he has been "found what is termed 'loyal' to the Conference or "Ring. It is now proposed that instead of the full "10 per cent. being rebated, only half shall be returned "to the shipper and at the expiry of 12 months instead "of 15 months." I hope you will allow me to say in reference to this that the primage of 10 per cent. forms a part of the freight; it is not reckoned up and placed to the credit of the shipper; it is not returned to the shipper as a rebate; it is not taken into account in settling the commission allowed by the shipowner. The primage as part of the freight is one thing, and the commission as an allowance from the shipowners for support is quite a different thing. I may mention here that prior to 1886 the primage as part of the freight was 10 per cent., and that no return or rebate was allowed, nor any commission, and that in 1892, about which time the commission was increased from 5 to 10 per cent. because of threatened opposition, there was no claim on the part of merchants that this was primage, or other than a doubling of the percentage allowance from the shipowner for the support of merchants. The increase to 10 per cent. was quite voluntary on the part of the shipowners, and the reduction now to 5 per cent. (the commission payable before 1892) is also voluntary on the part of the shipowners.

The correct position of the primage and commission question is clearly put in Clauses 7 and 8 of my letter of 4th June, addressed to the Chairman of the London South African Merchants' Committee, and to this I call your attention.

Our opponents and critics have often argued that the commission allowed is a tyrannical mode of pressure upon merchants which should be abolished; and yet the reduction by one-half of this so-called pressure does not appear to be very much appreciated.

3. You will have learned since the meeting which you attended that the ocean rate to Delagoa Bay has been reduced in a commensurate degree with that to Natal, as compared with the Cape ports. The rates to Delagoa Bay have not been increased as you appear to think; and Durban, Natal, is not the only port to benefit by the new differentiation of freight rates; whatever may be the diversion of traffic, nothing has been done to the detriment of either the Transvaal or Delagoa Bay.

In conclusion, I am glad to see you have frankly admitted in your address to the Chamber of Commerce what the shipowners have contended for in respect of the disadvantage under which Natal has been placed for a long time, for you say:—

> "Now I do not deny that the differentiation "in rates of freight between Natal and Port Eliza-"beth has been unfair—indeed, I may claim the "credit of having pointedly drawn attention to "this at the Railway Conference in Johannesburg "in 1905," and you add that "the reduction of "differentiation to the advantage of Natal cannot "in itself be taken exception to."

I shall hope that before long some definite agreement may be come to which will set at rest the present agitation (said to be in some measure attributable to ocean freights) and which has to a large extent been stimulated by the impossibility of reconciling Colonial railway interests in regard to their various systems and the rates to be charged upon them. I cannot believe that you are of opinion that the shipowners have caused the difficulties which are inherent in the present situation in South Africa.

Yours truly,
DONALD CURRIE.

W. A. Martin, Esq., M.L.C.,
Johannesburg.

S.Y. "Iolaire,"
Scalpay, Broadford, Skye,
22nd July, 1907.

DEAR LORD SELBORNE,

I HAVE read with much interest your Memorandum dealing with the railway question and other important matters; and every well-wisher to South Africa must hope for the early development of the idea of a federation of the Colonies. There can be no doubt, I think, that a united South Africa would in every way, not only in its railways and means of inland conveyance generally, but in relation to its sea-borne trade, be in a better position than at present with divided counsels to arrange important questions affecting trade as a matter of practical business. Such a result should be to the advantage of all concerned.

There has been so much misrepresentation of the shipping freight business that I am desirous to see that no erroneous conceptions of what you say on the subject may be entertained. May I, therefore, ask your kind

attention to your observations on page 49 of the Blue Book? You say, "At present the whole sea-borne "trade of South Africa is controlled by one private "corporation, which, of course, has no responsibility "to the people of the country, and the mercantile com- "munity must recognise that, unless an unforeseen "competition is conjured out of the deep, the power "of that corporation must remain absolute so long as "no single control can be exercised over the ports."

I submit to your Lordship that the steamship owners engaged in the South African trade are not a Combine, nor a Steam Trust, nor a Corporation, nor a Ring in the sense in which the word is employed by our opponents. We have no constitution, nor rules, nor chairman, nor officers. The shipowners meet in conference from time to time to consider questions which interest them or require settlement to the advantage of the trade generally. In an especial manner it is necessary for the shipowners to confer together, for as they meet the London South African Merchants' Committee, under the compact existing between them, they could hardly be expected to enter into conference unless able to confer together.

It is somewhat singular that the shipowners are subjected to so much adverse criticism for this meeting together in conference, just as railway companies meet together in regard to their affairs, as do iron and steel corporations, and associations, and other bodies engaged in manufacture and in trading.

I acknowledge gratefully, as I am sure the other shipowners will do, that you state so explicitly that it is not assumed that the Shipping Conference control the shipping trade, as a great number of the importers in South Africa appear to believe, by an abuse of their power.

May I ask your Lordship to be good enough to read the enclosed copies of letters which I have sent by this mail, one to the Prime Minister of the Cape Colony, in reply to a letter from his Secretary; and the other to W. A. Martin, Esq., M.L.C., Johannesburg, in reference to his speech to the Chamber of Commerce of that City.

With best wishes for your Lordship,

I remain,

Yours very truly,

DONALD CURRIE.

To His Excellency
The Right Honourable the Earl of Selborne,
G.C.M.G., &c., &c., Pretoria, Transvaal.

(Port Elizabeth Municipality.)
Mayor's Parlour,
Port Elizabeth,
27th June, 1907.

SIR,

Ocean Freights to South African Ports.

FOR your information I have the honour to transmit to you the following resolution passed by the Town Council of Port Elizabeth at its meeting held on Wednesday, the 26th instant:—

"That this Council disapproves of the pro- "posed alterations in rates of ocean freights to "South African ports, and agreed to by the Con- "ference Lines, as unwarranted and penalising "this port in its competition for the intransit "trade of the Transvaal and the Orange River "Colony."

I have the honour to be,
Sir,
Your obedient Servant,
ALEXR. FETTES,
Mayor.

Sir Donald Currie, G.C.M.G., LL.D.,
1, 2, 3, & 4, Fenchurch Street,
London, E.C.

S.Y. "Iolaire,"
Scalpay, Broadford, Skye,
24th July, 1907.

SIR,

I BEG to acknowledge receipt of your letter, dated the 27th ultimo, in which you convey to me the resolution passed by the Town Council of Port Elizabeth at a meeting held on the 26th.

Naturally, I am disappointed to receive this intimation from you on behalf of the Town Council; but there has been so much misapprehension, and, indeed, misrepresentation, of what has been done by the shipowners engaged in the trade with South Africa, that I am not much surprised.

You will admit, I assume, that in a matter which so intimately concerns the prosperity of the rival ports, it is somewhat difficult to estimate what might satisfy them all. In so far as Port Elizabeth is concerned, I venture to say that the judgment expressed in the resolution you send to me can hardly be justified.

For a long time past the shipowners have been blamed in varying terms of reproach as to their mode of dealing with the ports of the Cape, of Natal, and of Portugal. But, in so far as Port Elizabeth is affected, have you and the Council observed that we gave no encouragement to the proposal to have lower rates for Cape Town than for Port Elizabeth at the time the South African Delegates met the shipowners at the Colonial Office in London in the last days of 1905 and early in 1906? And you are aware that when the Prime Minister of the Cape, at the meeting at the Offices of the Agent-General of Natal, pressed me to say—and the Premier of Natal—whether we would agree to rates on a geographical basis, and we, each of us for our respective interests, replied in the affirmative, I had added an important suggestion to the Prime Minister of the Cape to the effect that he would do well to bear in mind that the acceptance of his proposal to agree to a geographical basis meant a different and disadvantageous rate for your port as compared with Cape Town? I said, plainly, that the people of Port Elizabeth would take no small interest in this matter.

Having then as shipowners, for many years, and now, in the necessity for doing something in regard to differentiation, which the Government of the Cape showed no disposition to assist, done what we could for differentiation, may I not ask you whether Port Elizabeth shows a just appreciation of the regard which the shipowners have shown in respect of its interests and future?

I will only add the expression of my hope that there may be an early settlement of all questions connected with shipping, the port charges, and railway rates.

I remain, Sir,
Your obedient Servant,
DONALD CURRIE,

Alexander Fettes, Esq.,
Mayor of Port Elizabeth.

APPENDIX III.

STATEMENTS AND RESOLUTIONS OF CHAMBERS OF COMMERCE AND OTHER BODIES.

(A.)

CAPE TOWN CHAMBER OF COMMERCE (INCORPORATED).

REPORT OF FREIGHTS COMMITTEE.

Your committee have received a letter from the Association of Chambers of Commerce of South Africa, stating that the Sub-Commission appointed by the Royal Commission on Shipping Freights will be sitting in Cape Town between the 2nd and 9th October, and asking, at the request of the Cape Government, that a memorandum of the views of your Chamber should be submitted and one representative appointed to voice the collective opinions of your Chamber upon the whole subject. Your Committee have accordingly considered this communication, and submit for adoption the following statement, based upon the questions which the Sub-Commission propose to put to witnesses:—

Q. (1) In what manner or by means of what documents is the rebate system, so far as concerns the trade from South Africa, worked in South Africa?

A. The rebate of freight on goods shipped from South Africa is, as a general rule, paid to the London agents of the shipper. Application for the payment of the rebate is in the first place made by the shipper, and it is then forwarded to London for payment.

Q. (2) Does or does not the merchant in South Africa get the benefit of the rebate:—

(*a*) On consignments to South Africa?

(*b*) On consignments from South Africa?

A. Speaking generally, the merchant in South Africa receives the benefit of rebate of freight through his London agent, but this is a matter of arrangement between the South African importer and his shipper in Europe. Rebates of freight are made at the present time to the extent of 5 per cent. of the freight; in other words, one-half of the amount of the primage is returned to shippers. The rebate is not paid to the shipper or importer unless application to the steamship company is made therefor. Some shippers are, however, unaware that any rebate is payable, and your Chamber therefore recommend that a note should be made upon each bill of lading by the steamship company apprising shippers of the amount of the rebate which is returnable to them on application.

Q. (3) In what cases, if any, have rebates been forfeited by merchants in South Africa?

A. During the time when Messrs. R. P. Houston and Co., as an independent Line, entered into competition with the Conference Lines, those merchants who supported the opposition Line, and who made contracts with them, forfeited all rebates due and payable by the Conference Lines to such merchants.

Q. (4) What objections, if any, have you (*a*) to the system of Rings or Conferences, (*b*) to the system of deferred rebates? Do you consider that these objections outweigh any advantages which are to be derived from the system of Rings or Conferences and the system of deferred rebates?

A. Your Chamber do not object to a Shipping Conference as such, provided its functions are not extended so that the Conference becomes a Ring or Monopoly for the express purpose of maintaining rates of freight which are unreasonably high when compared to similar services rendered by the same or other shipping companies in other parts of the world. A conference of shipping companies engaged in the South African trade may be beneficial, both to the companies and also to the shippers and importers, if the sphere of the operations of such a Conference, meeting periodically, were to discuss and decide upon a list of sailings, for the distribution of the cargo offering, and the ports from which the ships of the companies comprising the Conference should sail. But the South African Conference have exceeded this, and your Chamber submit that the principal functions of the Conference now are (*a*) to prevent as far as possible the introduction to the South African trade of an independent Line; (*b*) if such new Line is started and supported, to take any steps with a view of driving off such competition, or if this is not found practicable to negotiate with the independent Line for its admission to the Conference; (*c*) to maintain excessive rates of freight by the recognition and practice of the system of deferred rebates. The Conference Lines have from time to time entered into properly ordered compacts with the South African Merchants' Committee of London in connection with the shipping trade with South Africa, but your Chamber submit with reason that the Conference Lines have not carried out important conditions of those compacts, and especially that of the 9th March, 1893, Clauses 1, 2, and 4. Your committee object to the system of deferred rebates, and have signified their objection consistently during the past few years. The system is iniquitous, first, because of the circumstances that very large sums of money due to merchants are held by the Conference Lines for a period of from nine to fifteen months (this has been recently altered to from six to twelve months) as an intimidation to any merchant who, feeling aggrieved by high rates or other conditions imposed by the Conference Lines, may wish to support an independent Line; secondly, because if such aggrieved merchant does support an independent Line the large amount of the rebates payable to him are forfeited to the Conference Lines; and, thirdly, because these conditions are compulsorily imposed upon the merchant without permitting him the right to protest, or to protect himself in any way whatever. There is no doubt that successful outside competition, satisfactory to the mercantile community, could be introduced, and would be supported, if the intimidation of the system of deferred rebates were not existent, and if the consequent large sums of money which merchants would be called upon to forego were not such a serious factor in their business.

Your Chamber consider that these disabilities are out of proportion to the benefits to be derived from the advantages accruing from the existence of the Conference, and while admitting the benefit of regularity of sailings, would prefer the abolition of the rebate system (carrying with it the withdrawal of the charge of 10 per cent. primage), and the institution of a free freight market. If the Conference Lines had faithfully carried out Clause 4 of the compact of March, 1893, which they undertook to do, during the period of the Houston Line's competition, they would not have incurred the serious objections which merchants now have to their existence, and the arbitrary and unfair course they follow.

Q. (5) Has the effect of the system of deferred rebates and of the South African Ring been to divert trade from the United Kingdom to the United States of America or the Continent of Europe?

A. Your Chamber are not aware that the effect of the system of deferred rebates itself has been to divert trade to the United States or the Continent of Europe. Some two or three years ago, however, shipping companies in the South African Ring carried cargo at an all-round rate of 15*s.* per ton from the United States to South Africa as against the ordinary schedule rates for the several classes of cargo from Great Britain. Not only this, but cargo was shipped at ports of the United Kingdom, conveyed to a United States port, there transhipped, and from there conveyed to South Africa, at 15*s.* per ton for the entire route, as compared with Conference Lines' schedule rates direct. More recently, cement was carried from Belgium to South Africa in Conference steamers *viâ* the United Kingdom at 2*s.* 6*d.* per ton less than from the United Kingdom direct. This has, however, been rectified.

Q. (6) Do you consider the rates of freight (*a*) from the United Kingdom to South Africa, (*b*) from South Africa to the United Kingdom, to be excessive? If so, please state reasons for your opinion.

A. Your Chamber are of opinion that the rates of freight in force prior to 1st July, 1907, were excessive, more especially to Cape Town, where reductions in

port charges and the provision of adequate up-to-date facilities have been the means of considerably decreasing the expenses of shipping companies. Furthermore, the Conference Lines admitted their rates were high by making certain proposals for their reduction in January, 1906, at the time of the sitting in London of the South African Freights Conference. Notwithstanding this admission, from 1st July, 1907, rates of freight have been increased to Cape Town and Port Elizabeth varying from 3*d.* to 2*s.* 1*d.* per ton in the several classes of goods, and to other ports of South Africa in a lesser degree. Ever since then the new rates to Cape Town have been subjected to an additional surcharge of 2½ per cent.

With regard to the rates of freight from South Africa to the United Kingdom, your Chamber consider that those at present in operation are too high, and prevent the exportation of certain articles of South African produce, which if a lower rate were charged could compete in the European markets with similar produce from the Argentine and other places. At the present time your Chamber understand that the freight on oats from South Africa to Liverpool is about three times that charged from the Argentine, and your Chamber recommend that the principle of low rates which the Conference Lines have conceded on mealies from Natal should be made applicable to other articles of South African production.

Q. (7) Are you aware of any preferences (secret or other) in the matter of rates having been accorded to favoured merchants or importers, which are not accorded to all?

A. One distinct grievance your Chamber have consistently urged is that the Conference Lines have entered into contracts with the South African Governments, public bodies, and large shippers for the conveyance of stores and material at lower rates of freight than are accorded to the ordinary shipper. It is held that this is in contravention of a compact entered into on the 9th March, 1893, between the Conference Lines and the South African Merchants' Committee of London, whereby the Conference Lines undertook to charge the same rate of freight for the same classes of goods to all persons whose goods they carry. As an instance of this contravention the contract entered into between the Conference Lines and the Cape Town Municipality might be quoted. In this contract the Conference Lines undertook to carry goods classified as first and second class from the United Kingdom to Cape Town at 25*s.* per ton net, whereas the tariff for the ordinary shippers is 42*s.* 6*d.* per ton and 10 per cent. primage for first class goods, and 31*s.* 3*d.* and 10 per cent. primage for second class goods. Similarly, the Cape Town Municipality's contract rate for third class cargo was 20*s.* per ton net as compared with 25*s.* and 10 per cent., in the fourth class 17*s.* 6*d.* per ton net as against 22*s.* 6*d.* and 10 per cent. Furthermore, the Conference Lines also undertook to accord adequate protection to these merchants and shippers who loyally confine their shipments to the Conference Lines, and to grant the same rates to loyal shippers as were accorded to those who shipped by opposition steamers; but the Conference Lines have not carried out this undertaking. As an example of this, the few companies and firms who made contracts with Messrs. R. P. Houston & Co. before this company joined the Conference have had their shipments conveyed at considerably reduced rates, and no compensating advantage has been granted by the Conference Lines to the loyal shippers. On the other hand, since Messrs. Houston & Co. joined the Conference on January 13, 1904, the other Lines in the Conference have assisted Messrs. Houston to fulfil their existing contracts, and have also enabled them to reduce their number of annual sailings by carrying their cargo at the lower contract rates in Conference steamers alongside other cargo of loyal shippers at ordinary schedule rates.

Q. (8 & 9) Would it be practicable for South African merchants to combine and charter tonnage in the open market for their consignments? What remedy, if any, do you suggest?

A. It would be practicable for South African merchants to combine and charter tonnage in the open market for their consignments if the system of deferred rebates were inoperative, and the merchants were protected in so far as the sums of money now due to them by the Conference Lines were paid in full.

Your Chamber recently recorded its opinion that the only feasible and effective remedy for the present condition of things is a combination of importers co-operating mutually in the establishment of a line of steamships to be worked for the benefit of importers generally. Your Chamber are, however, also of the opinion that merchants as a body would not be willing to sacrifice the large sums held by the Conference Lines representing prospective rebates, although a small number might be prepared to forego them. The great obstacle is, therefore, the presence of the deferred rebate system, and until that is abolished and merchants are protected as to rebates payable to them, your Chamber would not be willing to express a definite opinion upon the possible success of a combination which did not embrace the great majority of the larger importers.

With regard to the invitation of the Sub-Commission to appoint one member to voice the collective views of your Chamber, your Committee recommend that the above report be forwarded as representing the opinions of your Chamber, on account of the short time for holding the inquiry, and that there is no necessity for appointing any representative of your Chamber, especially as each individual member has been afforded an opportunity of giving evidence independently.

Your committee have received the following letter, addressed to a member of your Chamber by their Calcutta agents, and recommend that a copy be also forwarded to the Sub-Commission on Shipping Freights:—

Calcutta,
16th May, 1907.

DEAR SIRS,

IN connection with our shipment of per S.S. "Cape Corrientes" on your account, we desire to point out that we are of opinion you should receive, when paying freight, a cash rebate of 10*s.* per ton.

On the 27th ultimo Messrs. Anderson, Wright, and Co., the agents of the Bullard King Line, sent us a circular letter in the following terms:—

"SOUTH AFRICAN PORTS.

"Please note that we will accept cargo from loyal "shippers for shipment by one of the vessels of the "Natal Direct Line—or a steamer chartered by them— "at current rates for all ports (provided the S.S. "'Brand,' chartered by the opposition, actually loads "for all ports and proceeds direct to South Africa) "granting a cash refund of 10*s.* per ton, which will "be paid to consignees at each port the S.S. 'Brand' "loads for.

"Timber and bone-meal rates subject to special "arrangements.

"Usual rebate conditions."

This letter was issued owing to the opposition line having freely offered to take goods by their steamer "Brand" to all South African ports at 10*s.* per ton.

Messrs. Anderson, Wright, & Co. did nothing in the way of advising shippers by which steamer they would grant the concession in question, but on the 11th instant we heard that it was intended to declare the S.S. "Pongola" as being the vessel, and this has since been done. The S.S. "Pongola" sailed from here on the 7th instant, and it can therefore be seen that she was allowed to leave without shippers being given any opportunity to avail themselves of the cheap freight which the Bullard King Line professed to offer their supporters, to enable the latter to meet the opposition of shippers sending goods by the outside steamers.

We had repeatedly asked for information as to the name of the concession steamer, and after the sailing of the "Pongola" S.S. we naturally concluded that the S.S. "Cape Corrientes" would be the vessel, as being the next to load after the departure of the "Brand" S.S., which left here on the 8th instant. Our shipments have been made accordingly, and now at the last moment we are led to infer, after our goods are on board the S.S. "Cape Corrientes," that no concession will be given on these shipments, although, as above informed, we were not invited to ship by the S.S. "Pongola."

We consider that in this matter the Bullard King Line have broken faith with their supporters, whom it should have been their aim to protect, and we trust therefore that when paying freight on your consignments you will strongly press the matter of this cash refund.

For some time past the working of the Bullard King Line of steamers has been very far from satisfactory. Vessels have been arriving much after their due dates, while goods have continually been shut out from steamers although placed alongside days before the advertised sailing dates, and although shipping orders have been duly granted. We think that both shippers and consignees have every reason to be dissatisfied with the treatment they have been receiving for some time past, and it now becomes a question as to whether any responsible opposition should not be supported, even at some sacrifice of rebates on shipments already effected.

We shall be glad if you will inform us in due course if you have been able to secure the freight concession referred to.

We are, Dear Sirs,
Yours faithfully,

(B.)

MOSSEL BAY CHAMBER OF COMMERCE.

ANSWERS MADE BY THE CHAMBER TO THE QUESTIONS SUBMITTED TO WITNESSES.

Q. (1) In what manner or by means of what documents is the rebate system, so far as concerns the trade from South Africa, worked in South Africa?

A. By addition to freight on bill of lading and refund on application of shipper after expiration of six months from concurrent half-year. This means that some rebates are deferred for 12, or in some cases, even 15 months.

Q. (2) Does or does not the merchant in South Africa get the benefit of the rebate:—
(*a*) On consignments to South Africa?
(*b*) On consignments from South Africa?

A. (*a*) Yes.
(*b*) Yes.

Q. (3) In what cases, if any, have rebates been forfeited by merchants in South Africa?

A. In cases where goods have been shipped in bottoms not in the Ring.

Q. (4) What objections, if any, have you:—
(*a*) To the system of Rings or Conferences?
(*b*) To the system of deferred rebates?

A. (*a*) We, as a Chamber, are not opposed to the system of Rings or Conferences.
(*b*) We are decidedly opposed to deferred rebates which, in the opinion of this Chamber, should not extend over three (3) months.

Q. (5) Has the effect of the system of deferred rebates and of the South African Ring been to divert trade from the United Kingdom to the United States of America or the Continent of Europe?

A. Not within our experience.

Q. (6) Do you consider the rates of freight:—
(*a*) from the United Kingdom to South Africa?
(*b*) from South Africa to the United Kingdom to be excessive; if so please state reasons for your opinion?

A. (*a*) Yes.
(*b*) By comparison with freight to other countries.

Q. (7) Are you aware of any preferences (secret or other) in the matter of rates having been accorded to favoured merchants or importers which are not accorded to all?

A. We have heard that such a practice has obtained elsewhere, but not to our knowledge, locally.

Q. (8) Would it be practicable for South African merchants to combine and charter tonnage in the open market for their consignments?

A. It would be possible occasionally, but not regularly.

Q. (9) What remedy, if any, do you suggest?

A. Legislation to prohibit deferred rebates beyond three months.

R. L. HOVENDEN,
Secretary.

(C.)

GERMISTON CHAMBER OF COMMERCE.

The Secretary to the Treasury,
Pretoria.

Germiston,
21st August, 1907.

SIR,

I AM now instructed to reply to your letter, of the 1st instant, on the subject of the visit of a Sub-Committee of the Royal Commission appointed by His Majesty's Government to enquire into the general question of shipping freights.

While this Chamber does not intend furnishing a statement of evidence, nor is it this Chamber's intention to send a representative to appear before the Sub-Commission, I am instructed to say that, in our opinion, no arrangement on the freights question will be satisfactorily arrived at unless and until an Anti-Trust Law is passed making the granting of rebates in any form illegal, and I have the honour to submit herewith a resolution to this effect passed unanimously at the last General Meeting of this Chamber.

I have the honour to be,
Sir,
Your obedient Servant,
JAS. D. DALLAS,
Secretary.

Copy of Resolution passed at the Monthly General Meeting of the Germiston Chamber of Commerce on the 20th day of August, 1907.

Resolved:—

"That, in the opinion of this Chamber, no "arrangement on the freights question will be "satisfactory unless an Anti-Trust Law is passed "making the granting of rebates in any form "illegal."

JAS. D. DALLAS,
Secretary.

(D.)

NOTTINGHAM ROAD FARMERS' ASSOCIATION.

Resolutions passed unanimously at a Meeting held September 14th, 1907.

"(1) That the system of deferred rebates is, "in the opinion of this Association, detrimental "not only to the interests of industrial develop- "ment of the Colony, but also to Imperial in- "terests, in as its effect is to maintain a monopoly "in freights which enables the Shipping Ring to "keep freights at a higher level than would be "the case if there was an open freight market, "and also to charge differential rates often to the "disadvantage of the United Kingdom in her "competition with foreign countries.

"(2) That this Association urges legislation "on the lines of the American Act of 1903, declar- "ing the granting and accepting of 'Deferred "'Rebates' to be illegal."

(E.)

PRETORIA CHAMBER OF COMMERCE.

The Secretary.
Royal Commission on Shipping Freights,
Carlton Hotel, Johannesburg.

Pretoria, Transvaal,
September 21st, 1907.

DEAR SIR,

I have had some correspondence with the Secretary to the Treasury, Pretoria, on the subject of the evidence which this Chamber will furnish to the Shipping Freights Commission.

As the evidence which this Chamber would furnish is identical with that of the Johannesburg Chamber of Commerce and the Johannesburg Chamber of Trade, I am directed to state that my Executive consider that it would only unduly prolong the sittings of your Commission by the attendance of our delegation thereat. I shall therefore be glad if you will kindly take the précis of evidence submitted by the Johannesburg Chamber of Commerce as representing the views of this Chamber.

Yours very obediently,
HENRY LAMB,
Secretary.

APPENDIX IV.

REBATE CIRCULARS.

(A.)

SHIPMENTS FROM SOUTH AFRICA.

NOTICE TO SHIPPERS FROM THE PORTS OF THE CAPE COLONY, NATAL AND DELAGOA BAY.

London,
1st June, 1902.

Shippers from all ports of the Cape Colony and of Natal, and from Delagoa Bay, are hereby informed that, after this date, and until further notice, and subject to the conditions and terms set out herein, the undernamed Company will pay to the shippers by their Line, commencing with the s.s. "Johannesburg" (to sail from Cape Town, June 16th), a commission of 10 per cent. calculated upon the net amount of freight received by the Company from such shippers on their shipments† for the United Kingdom, the Continent of Europe, the United States of America and/or Canada.

The said commission to be computed every six months up to the 30th September and 31st March in each year, and to be payable in London nine months after such respective dates to the orders of those shippers only whose shipments by steamer for any of the abovenamed destinations, until the date at which the commission shall become payable, shall have been made exclusively by steamers despatched from ports of the Cape Colony, Natal, and Delagoa Bay, by the undernamed Company or by the Union-Castle Mail Steamship Company, Limited, the Natal Direct Line (Bullard, King & Co.), or the Aberdeen Direct Line (John T. Rennie, Son & Co.); and provided that such shippers have not, either as principals or as agents, directly or indirectly made or been interested in any such shipments by steamers other than those despatched by the undernamed Company, or by the Union-Castle Mail Steamship Company, Limited, Messrs. Bullard, King & Co., or Messrs. John T. Rennie, Son & Co., or from Natal by sailing vessels other than those owned by Messrs. Bullard, King & Co., or by Messrs. John T. Rennie, Son & Co., and also provided that the statement of claim for such commission shall be made to the undersigned in the annexed form within 12 months of the date of shipment.

THE BUCKNALL STEAMSHIP LINES (LIMITED),
(Bucknall Brothers, Managers).

† No Rebate is payable on Specie.

FORM FOR STATEMENT OF COMMISSION ON HOMEWARD FREIGHTS CLAIMED IN RESPECT OF SHIPMENTS FROM THE PORTS OF THE CAPE COLONY, NATAL AND DELAGOA BAY.

19 .

To
Messrs. Bucknall Brothers, Managers,
The Bucknall Steamship Lines, Limited,
23, Leadenhall Street, London, E.C.

DEAR SIRS,

I/WE beg to hand you the annexed list of my/our shipments by the steamers despatched by your Line during the six months ended .
upon which shipments I/we claim the commission of 10 per cent. referred to in the Notice issued by you under date 1st June, 1902, and such claim I/we make in accordance with, and on the terms and conditions of, the said Notice, which I/we have received, and with which I/we, and those for whom I/we have acted as agent or agents, have complied.

The following are the particulars of the above-mentioned shipments, and they are in accord with the bills of lading.

Please pay the before-mentioned commission to Messrs. London, provided the stipulations of the aforesaid Notice have been complied with.

Note.—This declaration must be signed by a partner of the firm claiming the commission, or by some one holding the firm's procuration.

I/We remain,
Dear Sirs,
Yours truly,
(Signature of Shipper)
(Address)

N.B.—The particulars given below must accord with the bills of lading, and claims must be signed by the firm whose name appears as shipper.

Date of Sailing.	Steamer.	Port of Shipment.	No. of Packages.	Marks.	Net Freight.			Amount of Commission.		

(B.)

GOLD SHIPMENTS FROM SOUTH AFRICA.

NOTICE TO SHIPPERS OF NATIVE GOLD FROM THE PORTS OF THE CAPE COLONY, NATAL AND DELAGOA BAY.

Commission in respect of Shippers.

London,
1st January, 1899.

Shippers from all ports of the Cape Colony and of Natal, and from Delagoa Bay, are hereby informed that until further notice, and subject to the conditions and terms set out herein, each of the undernamed Companies and Lines of Steamers will pay to the shippers by their Line, a commission of 33⅓ per cent. upon the amount of freight received by such Company or Line from such shippers on their shipments of native (raw) gold, from and after the date hereof, for the United Kingdom or the Continent of Europe. The rate of freight to London or Southampton to be 7*s.* and 6*d.* per cent. *ad valorem*, and to other destinations as may be arranged by the said Companies and Lines.

The said commission to be computed every six months up to the 30th June and 31st December in each year, and to be payable in London nine months after such respective dates to the order of those shippers only whose shipments of Gold from any of the above-named ports, from the date hereof until the date at which the said commission shall become payable, shall have been made exclusively by steamers despatched by the undernamed Companies or Lines of Steamers respectively at the rates of freight above referred to, and provided that, from the date hereof, such shippers have not, either as principals or as agents, directly or indirectly, made or been interested in any such shipments by steamers other than those despatched by the undernamed, and also provided that the statement of claim for such commission shall be made in the annexed form, within 12 months of the date of shipment, to the Company or Line of Steamers which shall have carried the gold in respect of which the Commission is claimed.

In addition to the above commission payable on gold shipments made after the 31st December, 1898, the undernamed Companies and Lines will calculate back and credit the said commission to all shippers who have made gold shipments during the six months previous to the date hereof and will not forfeit the same in the case of any shipper who may have shipped gold by other steamers during the said six months, and the commission so credited will become payable in London nine months after the date hereof, provided that, from the date hereof until the date at which the said commission shall become payable, the shippers claiming the said commission shall have shipped exclusively by steamers despatched by the undernamed Companies and Lines of Steamers:—

*The Union Steamship Company, Limited.	From Cape Colony, Natal, and Delagoa Bay.
*The Castle Mail Packets Company, Limited.	
The Natal Direct Line (Messrs. Bullard, King & Co.)	From Natal and Delagoa Bay.
The Aberdeen Direct Line (Messrs. John T. Rennie, Son & Co.).	

* Now (1900) The Union-Castle Mail Steamship Company, Limited (Donald Currie & Co., Managers).

(C.)

COASTWISE WESTWARDS.

NOTICE TO SHIPPERS.

The Commission is to be computed every six months, up to 30th June and 31st December each year, and will be payable six months after such respective dates to those Shippers only, who until the date at which the Commission shall become payable, shall have shipped, exclusively by the under-named Lines or Companies Claims must be rendered within the six months following the period claimed for.

Date, 190

To

Messrs. The Union-Castle Mail Steamship Company, Limited.
Agency.

DEAR SIRS,

WE beg to hand you the annexed statement, together with the several bills of lading, of coastwise shipments despatched by your Line from this port Westwards from until inclusive, upon which shipments we claim a commission of 10 per cent., and we hereby declare that up to the time of the said commission being payable we have not, directly or indirectly, either as principals or agents, made, or been interested in, any shipments either in our own name or in the name of others from any port of Cape Colony to any other port of Cape Colony Westwards by any steam or sailing vessels other than those despatched by The Union-Castle Mail Steamship Co., Ltd. (Donald Currie & Co., Managers); The Bucknall Steamship Lines (Bucknall Bros., Managers); The Houston Line (R. P. Houston & Co.); The Natal Direct Line (Bullard, King & Co.); The Aberdeen Direct Line (John T. Rennie, Son & Co.); Deutsche Ost-Afrika Linie; and Messrs. Thesen & Co.

Yours faithfully,
(Signature of Shippers)
(Address)

Date of Sailing.	Steamer.	Destination.	No. of Bill of Lading.	Net Freight.			Commission.		

(D.)

COASTWISE EASTWARDS.

NOTICE TO SHIPPERS.

The Commission is to be computed every six months, up to 30th June and 31st December each year, and will be payable six months after such respective dates to those Shippers only who, until the date at which the Commission shall become payable, shall have shipped exclusively by the under-named Lines or Companies. Claims must be rendered within the six months following the period claimed for.

Date, 190 .

To

Messrs. The Union-Castle Mail Steamship Company, Limited.
Agency.

DEAR SIRS,

WE beg to hand you the annexed statement, together with the several bills of lading, of coastwise shipments despatched by your Line from this port Eastwards from until inclusive, upon which shipments we claim a commission of 10 per cent., and we hereby declare that up to the time of the said commission being payable we have not, directly or indirectly, either as principals or agents, made, or been interested in, any shipments either in our own name or in the name of others from any port of Cape Colony to any other port of Cape Colony Eastwards or to Natal by any steam or sailing vessels other than those despatched by The Union-Castle Mail Steamship Co., Ltd. (Donald Currie & Co., Managers); The Clan Line Steamers (Cayzer, Irvine & Co.); The Bucknall Steamship Lines (Bucknall Bros., Managers); The Ellerman-Harrison Line; The Houston Line (R. P. Houston & Co); The Natal Direct Line (Bullard, King & Co.); The Aberdeen Direct Line (John T. Rennie, Son & Co.); Deutsche Ost-Afrika Linie; Deutsch-Australische Dampfschiffs-Gesellschaft; or Messrs. Thesen & Co.

Yours faithfully,
(Signature of Shippers)
(Address)

Date of Sailing.	Steamer.	Destination.	No. of Bill of Lading.	Net Freight.			Commission.		

APPENDIX V.

(Mr. Mosenthal.)

(A.)

TABLE SHOWING RATES OF FREIGHT FROM THE UNITED KINGDOM TO SOUTH AFRICA, BEFORE AND AFTER 1ST JULY, 1907.*

PRESENT CONFERENCE RATES TO SOUTH AFRICA.†

Intermediate Steamers from United Kingdom and Continent—

—	Class. 1.	2.	3.	4.	5.	Cement.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Capetown	42 6	30 0	25 0	22 6	20 0	12 6
Algoa Bay	42 6	30 0	25 0	22 6	20 0	12 6
East London.	48 9	37 6	30 0	27 6	25 0	17 3
Durban ...	50 0	37 6	30 0	27 6	25 0	17 3
Delagoa Bay.	52 6	40 0	32 6	30 0	27 6	21 3

Mail Steamers—

—	Class. 1.	2.
	s. d.	*s. d.*
Capetown	46 3	31 3
Algoa Bay	46 3	31 3
East London	52 6	37 6
Durban	52 6	37 6

† Plus 10 per cent. Primage; Less 5 per cent. Rebate.

RATES THAT WERE ABOLISHED ON JULY 1ST.‡

Intermediate Steamers—

—	Class. 1.	2.	3.	4.
	s. d.	*s. d.*	*s. d.*	*s. d.*
Capetown	42 6	31 3	25 0	22 6
Algoa Bay	42 6	31 3	25 0	22 6
East London	48 9	38 9	32 6	30 0
Durban	52 6	40 0	32 6	30 0
Delagoa Bay	55 0	42 6	35 0	32 6

‡ Plus 10 per cent. Primage; Less 10 per cent. Rebate.

(B.)

COMPARATIVE RATES OF FREIGHT TO ALGOA BAY FROM THE UNITED KINGDOM AND UNITED STATES.

(Plus 10 per cent. Primage; Less 5 per cent. Rebate.)

—	English.	American.
	s. d.	*s. d.*
Soft Goods	42 6	38 9
Hardware	30 0	33 9
Provisions	30 0	33 9

Soft Goods represent small proportion of whole.

For particulars of other Goods, see below—

—	English.	American.
	s. d.	*s. d.*
Jams	30 0	33 9
Leather	42 6	38 9
Lard	30 0	30 0
Lamps	30 0	33 9
Medicines	42 6	38 9
Meats	30 0	30 0
Milk, condensed	30 0	30 0
Mouldings	20 0	22 6
Oils, cased	30 0	33 9
Oils, drums	42 6	38 9
Organs	30 0	38 9
Oats, rolled (Quaker)	30 0	30 0
Nails	25 0	27 6
Rope	30 0	33 9
Salt	22 6	22 6
Stationery	42 6	38 9
Soap	22 6	25 0
Spades	22 6	25 0
Shovels	22 6	25 0
Sauce	30 0	33 9

— —	English.	American.
	s. d.	*s. d.*
Starch	22 6	25 0
Timber, over 15′ by 6″ No.	30 0	—
„ under „ „ „ deals, flooring, &c. ...	22 6	22 6
Tinware, in crates	22 6	33 9
Turps	42 6	38 9
Tea	42 6	33 9
Agricultural implements ...	30 0	33 9
Baking powders	30 0	30 0
Biscuits	30 0	33 9
Chairs	30 0	25 0
Clothing	42 6	38 9
„ Second-hand, in bales	30 0	—
Cheese	30 0	33 9
Coffee	30 0	33 9
Cement	12 6	17 6
Confectionery	30 0	33 9
Canned goods	30 0	30 0
Brooms	30 0	30 0
Candles	25 0	27 6
Doors	20 0	22 6
Dip	30 0	27 6
Desks	30 0	27 6
Earthenware	22 6	25 0
Fruit	30 0	33 9
Fruit Jars	22 6	25 0
Fish	30 0	33 9
Glassware	22 6	33 9
Hops	42 6	38 9
Hollow-ware	22 6	33 9
Iron, corrugated	22 6	25 0
Windows	20 0	22 6
Wire Fencing	22 6	25 0

* In the rates quoted by Mr. Mosenthal neither the Primage nor the Rebate is taken into account. For rates allowing for Primage and Rebate *see* Appendix VI.

APPENDIX VI.

(*Mr. Jagger.*)

NET RATES OF FREIGHT OF UNION-CASTLE COMPANY, PRIOR TO AND AFTER JULY 1ST, 1907.*

Intermediate Steamers:

—	Class.									
	1.		2.		3.		4.		5.	
	Old Rate.	New Rate.	Old Rate.	New Rate.	Old Rate.	New Rate.	Old Rate.	New Rate.	Old Rate.	New Rate.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Cape Town†	42 6	44 7	31 3	31 6	25 0	26 3	22 6	23 7	20 0	21 0
Port Elizabeth										
East London	48 9	51 2	38 9	39 4	32 6	31 6	30 0	28 10	27 6	26 3
Durban	52 6	52 6	40 0	39 4	32 6	31 6	30 0	28 10	27 6	26 3
Delagoa Bay	55 0	55 2	42 6	42 0	35 0	34 2	32 6	31 6	30 0	28 11

Mail Steamers:

—	Class.			
	1.		2.	
	Old Rate.	New Rate.	Old Rate.	New Rate.
	s. d.	*s. d.*	*s. d.*	*s. d.*
Cape Town†	47 6	48 7	32 6	32 10
Port Elizabeth ...				
East London	53 9	55 2	40 0	‡
Durban	55 0	55 2	40 0	39 5

* In these rates both Primage and Rebate are taken into account.
† N.B.—2½ per cent. extra for Cape Town.
‡ 1st Class cargo only.

APPENDIX VII.

(*Mr. Kayser.*)

AGREEMENT MADE IN 1894 BY IMPORTERS AT PORT ELIZABETH NOT TO ACCEPT REBATES IN RESPECT OF SHIPMENTS FROM AMERICA.*

To all to whom these presents shall come, We, the undersigned importing merchants of Port Elizabeth, do hereby covenant and agree with each other as follows:—

We hereby bind ourselves that neither we nor our agents, nor any firms in England or America or South Africa in which we may be interested as partners or by reason of their shipping goods to us as our agents or who may be interested in our respective businesses, nor firms in which any one or more of the partners may also be partners in our firm, nor firms in which one or more of the partners of our respective firms may be partners, will accept the rebate or primage of Ten per cent. (10 %) on the amount of freight to be paid by us or on our behalf on our shipments under the conditions which are stated in a circular letter addressed to Messrs. Philip Brothers, dated the 22nd March, 1894, and offered by the "American and "African Steamship Line" and the "Union and Clan "Line," trading between "the United States of "America" and South Africa, which circular letter is hereunto annexed, or any other deferred rebate that may be offered whatever by the said Steamship Lines or any other Lines in connection with shipments to or from America.

We further covenant that this agreement shall be binding upon us for a period of two years from the date hereof.

We further covenant and agree each with the others that if we, our agents, or any firms as above mentioned, shall at any time accept of such rebate or primage or any other deferred rebate whatever that may be offered in connection with shipments to or from America, we will forthwith pay to the others through the Chairman for the time being of the Chamber of Commerce of Port Elizabeth a sum of Five hundred pounds (£500) Sterling as liquidated damages for the breach of this agreement, and in order to enable the said Chairman to recover the said sum of Five hundred Pounds (£500) we do hereby severally appoint the said Chairman for the time being to be our true and lawful Attorney irrevocably to institute proceedings against all or any of us who may so commit a breach of this agreement, and the same to carry on to judgment and final execution.

This agreement does not preclude any of the signatories from entering upon any Freight engagement which may suit their individual purposes, provided they do not bind themselves to ship exclusively by the lines referred to in the annexed circular or any others soliciting support upon similar terms.

We further agree that all moneys that may be received by the said Chairman of the Chamber of Commerce or failing him such party as may be elected by the majority of the contracting parties hereto in pursuance of this agreement shall be held in trust by him and distributed by him at the expiration of the said Two Years between those of the undersigned who have not committed any breach of this contract.

For the due performance of the foregoing we do hereby bind ourselves each to the others, our persons and property, according to law.

* A similar agreement was entered into on March 16th, 1899, but the names of the signatories are not all the same.

In witness whereof we have hereunto subscribed our names at Port Elizabeth aforesaid on this 20th day of April, 1894.

As witnesses :—
Signed :

Herbt. J. Cooper.	Adolph Mosenthal & Co.
J. M. Robertson.	Stephen Fraser & Co.
J. C. Fraser.	*Pro.* Philip Brothers,
F. J. Birt.	W. T. Philip.
A. W. Davidson.	Hirsch, Loubser & Co.
Carl Herm. Krit.	Holland & Vardy.
A. J. A. Eagle.	Liebermann Bellstedt & Co.
R. Mitchell.	Griffiths & Co.
Fass & Co.	Mackie, Dunn & Co.
E. B. Pagden.	Dunell, Ebden & Co.
W. Ford Smith.	Blaine & Co.
W. Freibag.	Dalldorf, Schabbel & Co.
J. V. Storey.	F. E. Storey.
H. Sherwin.	Jas. Brister & Co.
C. R. Hodgson.	*Pro.* Hansen & Schrader,
M. M. Steytler & Co.	A. ———.
W. T. Philip.	

(Annexure.)

To Messrs. Philip Bros.,
Port Elizabeth.

London,
22nd March, 1894.

Dear Sirs,

We have the pleasure to inform you that in respect of your shipments from the United States to Cape Colony, Natal, and Delagoa Bay, we will, until further notice, return to you the primage of 10 per cent. on the amount of freight paid by you on shipments in the vessels despatched by us since 1st February, 1894, provided that from now, and until the due date of each payment, your shipments from the United States to the abovenamed ports are confined exclusively to the vessels despatched by us.

The return of primage will be computed to the 31st July and 31st January in each year, and will only be payable six months thereafter, subject to the above conditions, and upon a declaration by you in the annexed Form, with copies of your bills of lading attached.

No claim for return primage will be recognised unless made within 12 months from date of shipment.

We are,
Yours faithfully,
AMERICAN AND AFRICAN STEAMSHIP LINE.
UNION AND CLAN LINE.

Note.—Shipment by the sailing vessel now on the berth will not invalidate your claim.

The United States to Cape Colony, Natal and Delagoa Bay.

Date 189

To

Dear Sirs,

We beg to hand you the annexed statement, together with the several bills of lading, of shipments despatched by your Line during the six months ended upon which shipments we claim the return of primage referred to in the letter addressed to us dated 22nd March, 1894, and we hereby declare that during the six months ended and up to this date, we neither have made directly or indirectly, nor been interested in, any shipments, either on our own behalf or for account of others, from the United States to Cape Colony, Natal, or Delagoa Bay, by any vessels other than those despatched by the American and African Steamship Line, and the Union and Clan Line.

We are,
Yours faithfully,
(Signature of Shippers)
(Address)

APPENDIX VIII.

(*Mr. Earle.*)

LIST OF REDUCTIONS IN HOMEWARD FREIGHTS FROM DURBAN.

Asbestos in 1894 was 30*s.* per ton, reduced to 25*s.* per ton on 3rd January, 1906, then to 20*s.* per ton at present.

Bark.—Up to 1892 was 40*s.* per ton, reduced on 13th October, 1892, to 35*s.* per ton, then to 30*s.* per ton, and in 1899 to 25*s.* per ton. Bark to Continent in 1892 was 51*s.* 8*d.* per ton, then reduced to 41*s.* 8*d.* per ton, now 25*s.* per ton. 1 Ton weight equals 2-2½ tons *measurement.*

Fruit in hold or on deck in 1892 was 40*s.* per ton, exclusive of shipping, then reduced to 35*s.* per ton in 1895, and reduced on 19th January, 1907, to 25*s.* per ton, including shipping.

Fruit in cool chamber.—Reduced from 100*s.* per ton to 70*s.* per ton in 1907.

Fibre was in 1894 70*s.* per ton, and reduced on 10th December, 1906, to 25*s.* per ton.

Raw Gold in 1894 was 7*s.* 6*d.* per cent. without rebate, reduced in 1899 to 7*s.* 6*d.* per cent., less 2*s.* 6*d.* per cent. rebate.

Gold and Silver Quartz in 1894 were 30*s.* per ton, reduced to 15*s.* per ton on 23rd June, 1900.

Government Stores.—Combustibles in 1894 were 100*s.* per ton, reduced to 50*s.* per ton on 15th September, 1904. Non-combustibles 50*s.* per ton, reduced to 25*s.* per ton.

Graphite in 1894 was 30*s.* per ton, reduced in 1904 to 20*s.* ton.

Scrap Iron in 1894 was 25*s.* per ton, reduced to 15*s.* per ton.

Mealies in 1894 were 17*s.* 6*d.* per ton, exclusive shipping, reduced on 13th February, 1907 to 15*s.* per ton, including shipping 2*s.* 6*d.*, then reduced on 31st May, 1907 to 10*s.* per ton, exclusive of shipping 1*s.* 6*d.* Mealies to Continent in 1892 were 25*s.* per ton, and now reduced to 10*s.* per ton.

Manganese or Magnesite Ore and Tungsten of Lime were 25*s.* per ton, now 10*s.* per ton.

Hides (*dry*) in 1891 were 90*s.* per ton, in 1894 reduced to 70*s.* per ton.

Hides and Skins (*wet*) in 1891 were 45*s.* per ton, in 1894 reduced to 25*s.* per ton.

Orchilla Weed was 70*s.* per ton in 1894, now 40*s.* per ton, 15th May, 1906.

Wattle Poles were in 1894 12*s.* 6*d.* per ton *measurement*, and in April, 1906, were reduced to 10*s.* per ton *weight.*

Rum in 1894 was 10*s.* per hogshead, reduced to 7*s.* 6*d.* per hogshead in 1895.

Rags in 1894 were 70*s.* per ton, reduced to 25*s.* per ton on 12th October, 1900.

Silver Ingots in 1894 were 32*s.* 6*d.* per cent., reduced to 12*s.* 6*d.* per cent. on 30th June, 1899.

Skins.—Same as hides.

Specie in 1892 was 10*s.* per cent., reduced to 7*s.* 6*d.* per cent. in 1905.

Natal Spirits prior to 1905 was 10*s.* per hogshead, now 6*s.* 8*d.* per hogshead.

Tea (*Natal*) in 1894 was 30*s.* per ton, now 22*s.* 6*d.* per ton, reduced on the 2nd April, 1897.

Minimum Freight in 1891 was 30*s.* per bill of lading, now 25*s.* per bill of lading.

Ground Nuts and Copra in 1891 were 45*s.* per 16 cwt., now 40*s.* per 20 cwt.

Wool in 1885 was :—Scoured, 1*d.* per lb. ; washed, ¾*d.* per lb. ; grease, ½*d.* per lb. Reduced about 1886 to :—Scoured, ¾*d.* per lb. ; washed, ⅝*d.* per lb. ; grease, ⅜*d.* per lb.

Hair in 1885 was ½*d.* per lb., reduced to ⅜*d.* per lb.

APPENDIX IX.

(*Mr. Villiers.*)

SHIPMENT OF GOLD.

On the 1st January, 1895, the Z.A.R. Government entered the International Postal Union, from which date until 1st December, 1900, the letter rate from this country to the United Kingdom was 5*d.* per ounce, or 6*s.* 8*d.* per lb.

On the 1st December, 1900, the Imperial Penny Postage scheme was adopted by the Transvaal, and the rate since that date has been 1*d.* per half-ounce, or 2*s.* 8*d.* per lb.

The Transvaal output of gold for 1906 was as follows:—

Fine ozs.	Approximate gross weight in lbs. allowing for boxing.	Value at 85*s.* per fine oz.
5,795,267	510,463	£ 24,629,884

The following table shows the relative cost of despatching the above output by letter post and by rail and steamer:—

Letter Post.	Rail and Steamer.			In favour of Letter Post.
Postage at 2*s.* 8*d.* per lb.	Railage at 69*s.* 6*d.* per 100 lbs.	Freight at 5*s.* per cent. net on value.	Total.	
£ 68,044	£ 17,736	£ 61,574	£ 79,310	£ 11,276

Owing to paragraph 28 of the ocean mail contract, it is not possible to forward raw gold by post, but had this been allowed, the amount £68,044, which would actually have been expended, would have materially assisted in swelling the Government revenue, instead of which the Government revenue has benefited only to the extent of a small amount of rail carriage, the mining industry has been taxed £11,276 more than it should have been, and the Union-Castle Line have received freight at £267 per ton of 2,240 lbs. on what they would have carried under their mail contract.

12th September, 1907.

APPENDIX X.

(*Mr. Jagger.*)

CURRENT RATES OF FREIGHT FROM UNITED KINGDOM TO CAPE TOWN AND FROM NEW YORK TO CAPE TOWN.*

The rates from New York are Net, no primage being charged, and no rebate allowed.
In the rates from the United Kingdom the Primage and Rebate are taken into account.

New York Classification.	——	New York.	United Kingdom.
		s. d.	*s. d.*
Class 1	Clothing	36 3	44 7
	Dry goods	"	" †
	Hops	"	"
	Leather	"	"
	Leather manufactures	"	"
	Medicine	"	"
	Musical instruments	"	"
	Organs	"	‡
	Paints in oil	"	44 7
	Stationery	"	"
	Lard oil	"	‡
	Turpentine	"	44 7
	Varnish	"	"
	Polish	"	"
Class 2	Blacking	31 " 3	31 " 6
	Canvas	"	"
	Canvas manufactures	"	"
	Cord and rope	"	"
	Corn mills	"	‡
	Glass ware, common	"	31 6
	Glucose	"	"
	Hardware	"	"
	Harrows	"	"
	Hay presses	"	‡
	Hollow ware	"	31 6
	Incubators	"	"
	Lamp goods	"	"
			fine 44*s.* 7*d.*
	Lard	"	‡
	Lubricating oil	"	31 6
	Ploughs and parts	"	"
	Provisions	"	"
	Tinware	"	"
	Toys	"	"
	Yeast	"	‡
Class 3	Barrel shooks	25 " 0	‡
	Binders	"	26 3
	Desks	"	"
	Grease	"	"
	Harvesters	"	‡
	Nails	"	26 3
	Reapers	"	"
	Roofing	"	"
	Rosin	"	"
	Sash weights	"	"
	Slates	"	"

New York Classification.	——	New York.	United Kingdom.
		s. d.	*s. d.*
Class 4	Bags, paper	22 6	23 7
	Butter dishes	"	‡
	Chairs	"	23 7
	Fruit jars	"	‡
	Gates	"	‡
	Handles	"	23 7
	Iron bars	"	"
	Iron chests	"	‡
	Iron hoops	"	23 7
	Plaster	"	"
	Soap, common	"	"
	Shovels	"	"
	Spades	"	"
	Staves	"	‡
	Windmills	"	23 7
	Wire, plain and barb	"	"
Class 5	Shooks	20 " 0	21 " 0
	Doors	"	‡
	Mouldings, rough unprotected.	"	‡
	Oyster shells, crushed	"	‡
	Rough woodwork for roofing unprotected.	"	‡
	Salt, in bags	"	‡
	Sawn timber	"	23 7
	Windows	"	‡
	Axle grease	27 " 6	26 3
	Baking powder	"	‡
	Brooms	"	31 6
	Canned goods	"	‡
	Carriages	"	31 6
	Condensed milk	"	"
	Churns	"	‡
Unclassified.	Furniture, common	"	31 6
	Hammocks	"	‡
	Hand carts	"	‡
	Maizena	"	‡
	Muralo	"	‡
	Quaker oats	"	‡
	Trunks	"	‡
			31 6
			tin 23 7
	Wheelbarrows	"	‡
	Woodenware	"	31 6

* The rates from the United Kingdom to Cape Town are subject to a surcharge of 2½ per cent.

† Blankets and rugs in bales, 31*s.* 6*d.*

‡ Items marked with a ‡ are not specified in the English List.

APPENDIX XI.

(Mr. Jagger.)

TABLE COMPARING RATES TO MELBOURNE AND SYDNEY WITH RATES TO CAPE TOWN AND ALGOA BAY.

(N.B.—Rates to Cape Town are subject to a surcharge of 2½ per cent.)

Australian Classification. — To Melbourne: Class 1, 42*s.* 6*d.* „ 2, 34*s.* 6*d.* „ 2a, 30*s.* To Sydney: Class 1, 40*s.* „ 2, 32*s.* „ 2a, 27*s.* 6*d.*	—	South African Classification. — To Cape Town and Algoa Bay: Class 1, 44*s.* 7*d.* „ 2, 31*s.* 6*d.* „ 3, 26*s.* 3*d.* „ 4, 23*s.* 7*d.*
Class 1. Fine.	Arms	Class 1.
	Cigars	„
	Cigarettes	„
	Cottons (not common)	„
	Cutlery	„
	Dry goods	„
	Embroidery	„
	Gloves	„
	Haberdashery	„
	Hosiery	„
	India-rubber and manufactures.	„
	Leatherware	„
	Linens	„
	Millinery	„
	Mixed silk goods	„
	Perfumery	„
	Pictures	„
	Silks	„
	Smallware	„
	Woollens and similar fine measurement goods.	„
	Goods declared as merchandise.	„
Class 2. Rough.	Acetate of soda	—
	Apparatus	—
	Arsenic	—
	Artificial flowers	Class 1.
	Asbestos	„
	Beverages	Beer, Class 3; aerated waters, Class 4.
	Bicycles	—
	Blacking	Class 2.
	Borax	„
	Brushware	„
	Buttons	—
	Cables on drums	Class 1 (cables).
	Calicoes, grey, in bales	„
	Carbons	Class 2.
	Cardboard manufactures	„
	Carriages	„
	Chair and couch springs	—
	China	—
	Clocks	Class 1.
	Colonial produce	—
	Colours, dry	Class 2.
	Corsets	—
	Cotton goods, common	—
	Dextrine	—
	Dyewood extract	—
	Feathers	Class 1.
	Felt and Feltware	Class 2.
	Floor cloth	„
	Fodder	Class 4 (in bales)
	Furniture	Class 2.
	Glucose	„
	Grain	—
	Gum	Class 2.
	Hardware (not cutlery)	„
	Hatshapes	—
	Hempware	—
	Hops	Class 1.
	Ink	Class 2.
	Ironware	„
	Juteware	—
	Lac	—
	Lamps and lampware	Fine, Class 1; common, Class 2.
	Lead pencils	—
	Leather cloth	Class 2.
	Leguminous vegetables	—
	Linoleum	Class 2.
	Machinery	„ (for mines, Class 3).
	Marbleware	Class 1.
	Metalware (not cutlery)	—
	Musical instruments	Class 1.
	Oil cloth	—
	Oils (not essential or dangerous).	Class 2.
	Paper hangings	„
	Paper in cases	„
	Paperware	—
	Preserves	—

Australian Classification. — To Melbourne: Class 1, 42*s.* 6*d.* „ 2, 34*s.* 6*d.* „ 2a, 30*s.* To Sydney: Class 1, 40*s.* „ 2, 32*s.* „ 2a, 27*s.* 6*d.*	—	South African Classification. — To Cape Town and Algoa Bay: Class 1, 44*s.* 7*d.* „ 2, 31*s.* 6*d.* „ 3, 26*s.* 3*d.* „ 4, 23*s.* 7*d.*
Class 2. Rough.—*cont.*	Provisions	Class 2.
	Rope	„
	Safety Fuses	„
	Seeds	„
	Sheep shears	„
	Slate pencils	„
	Soap	„ (and common, Class 4).
	Soap extract and soap powder in tanks.	Class 3 (powdered, common).
	Stearine	Class 2.
	Steelware (not cutlery)	—
	Sugar in casks and cases	Class 2.
	Tanning material	„
	Tip trucks and tipping wagons.	„ (filled).
	Tobacco	„ (manufactured, Class 1).
	Tools	Class 2.
	Trucks	—
	Trunks	Class 2.
	Wadding	„
	Wall paper	„
	Wax	„
	Woodenware	„
	Wool waste (dry, not greasy).	Class 3.
	Yarn	—
	Basketware	Class 4.
	Bedsteads	Brass, Class 1; iron, Class 2.
	Bellows	—
	Boot lasts	—
	Brooms	Class 2.
	Buckets	Class 3.
	Charcoal (not powdered)	Class 2.
	Cocoanutfibre	Class 4 (coir).
	Cooking utensils (other than copper or brass).	—
	Cotton waste	Class 3.
	Crockery	Class 4.
	Dyewood	—
	Earthenware	Class 4.
	Enamelledware	Class 2.
	Fenders, ships	—
	Forks (digging)	Class 4.
	Glassware	Class 2 (fine, Class 1).
	Glue	Class 2.
	Hats, Straw (excluding ladies' trimmed and Panama).	Class 2. Class 1.
	Hemp	—
	Hollowware	Class 4.
	Insulators	—
	Jute and jute waste	—
Class 2a.	Lamp black	Class 2.
	Linseed cake and meal	„ (meal).
	Malt	Class 3.
	Mangles	Class 2.
	Manila bags	Class 4 (bales)
	Mats	Class 2.
	Milk cans, empty	—
	Mouldings	Class 2.
	Oakum	„
	Oil cake	„
	Pitch	Class 3.
	Pumice stone	„
	Rags	—
	Rainwater pipes	—
	Resin	Class 3.
	Sacks, secondhand	—
	Shoddy	—
	Shovels	Class 4.
	Silicate of cotton, slag wool	„
	Spades	„
	Starch	—
	Tar	Class 2.
	Tinware	„
	Traps	—
	Troughing	—
	Vegetable black	—
	Vinegar	Class 2.
	Wheelbarrows	„ (barrows).
	Woodflour	Class 5 (woodmeal).

APPENDIX XII.

TABLES SUPPLIED BY THE JOHANNESBURG CHAMBER OF TRADE WITH REGARD TO THE RATES OF FREIGHT ON MACHINERY.

(A.)

FREIGHT CHARGES ON ELEVEN SHIPMENTS OF POWER PLANT.

—	Weight in tons 2240 lbs.	Total cost to Import including 10 per cent.	Cost per ton including 10 per cent.	Cost per ton excluding 10 per cent.
		£ s. d.	£ s. d	£ s. d
Per Blane & Co., Ltd.—				
Winding Engine	120	492 17 5	4 2 1	3 13 11
High Speed Brush Engine and Dynamo.	25	151 4 1	6 0 11½	5 8 10½
Winding Engine	109·5	423 19 2	3 17 5¼	3 9 8¼
Per Fraser & Chalmers—				
Winding Engine	291	1,492 6 5	5 2 6¾	4 12 3¾
Air Compressor	71	230 15 1	3 5 0	2 18 6
Multitubular Boiler ..	19·1	107 2 7	5 12 6½	5 0 6¾

—	Weight in tons 2240 lbs.	Total cost to Import including 10 per cent.	Cost per ton including 10 per cent.	Cost per ton excluding 10 per cent.
		£ s. d.	£ s. d.	£ s. d.
Per Fowler & Maclachlan—				
Air Compressor	73·25	304 15 4	4 3 2½	3 14 10½
Winding Engine	40·25	113 7 5	2 16 4	2 5 8¾
Per Reunert & Lenz—				
Water Tube Boiler ..	26	87 16 4	3 7 6½	3 0 9½
Bellis Engine	36·1	231 11 1	6 8 3½	5 16 7½
Per J. Musgrave & Sons—				
Lancashire Boiler and Fittings.	29·9	290 12 0½	9 14 4½	8 16 8½
Average Cost of the above ..			4 19 1½	4 8 11¼

(B.)

FREIGHT ON 440-STAMP MILL (EXCLUDING POWER PLANT) IMPORTED JUNE, 1905.

Messrs. Fraser and Chalmers, Ltd.

AT THE UNION CASTLE RATE THEN IN FORCE.

	£ s. d.		
Mortar boxes : 88 pieces—each 4 tons 2 cwts. 3 qrs. 14 lbs. = 364 tons 13 cwts. at 65*s.* ...	1,185 2 3		
Anvil blocks : 44 pieces—each 12 tons 16 cwts. = 563 tons 4 cwts. at 117*s.* 6*d.*	3,308 16 0		
Balance of small pieces, 648 tons 17 cwts. 19 lbs. at 35*s.*	1,135 10 2		
(Landing is included in the above freight.)			Average per ton
(= 71*s.* 4·9*d.* per ton) =	5,629 8 5		71*s.* 4·9*d.*
+ 10 per cent primage	562 18 10		
	6,192 7 3		
Similar shipment as above at Houston rate as paid £3,077 5 11 (=39*s.* 0·4*d.* per ton)			
Landing as paid 903 1 11			
	3,980 7 10	= 50*s.* 6*d.*	
Difference ...	2211 19 5		

	£ s. d.		
Cyanide, slimes and solution tanks, and staging for 440-head battery—1,788 tons at 32*s.*	2,935 11 7		
	£ s. d.		
Total mill ... 1,576 tons 14 cwts. ...	5,629 8 5		
Total tanks, &c.... 1,788 tons	2,935 11 7		
3,364	8,565 0 0	= 50*s.* 11*d.*	

= 50*s.* 11*d.* per ton of 2,240 lbs.

Heavy Lifts.—Houston rates are 26*s.* 3*d.* on pieces up to three tons, and then increase of 3*s.* 9*d.* per ton for each half ton up to five tons, and 3*s.* 9*d.* per ton for each ton up to 20 tons.
Conference rates are 5*s.* per ton for each half ton from two tons to five tons.
Beyond this they are subject to special arrangement, there being no fixed scale.

For the Johannesburg Chamber of Trade,
E. C. LOWE,
Secretary.

Johannesburg,
September 25th, 1907.

(C.)

FREIGHT ON 440-STAMP MILL IMPORTED JUNE, 1905.

Messrs. Fraser and Chalmers, Ltd.

COMPARISON TAKING THE WHOLE PLANT AT A FIXED RATE.

		£ s. d.
Union Castle Company.	1,576 tons 14 cwts. 19 lbs. at 35*s.*	2,759 4 11
	10 per cent. Primage	275 18 6
		3,035 3 5
Houston Company.	1,576 tons 14 cwts. 19 lbs. at 26*s.* 3*d.*	2,069 8 8
	10 per cent. Primage	206 18 10
		2,276 7 6

(Rates include Landing.)

	£ s. d.
Union Castle Company	3,035 3 5
Houston Company	2,276 7 6
Difference	758 15 11

For the Johannesburg Chamber of Trade,
E. C. LOWE,
Secretary.

Johannesburg,
September 25th, 1907.

(D.)

CONFERENCE RATES OF FREIGHT.

GLASGOW AND BIRKENHEAD TO DURBAN AND DELAGOA BAY.

Ordinary Machinery.

——	Durban.	Delagoa Bay.
	s. d.	s. d.
Up to 2 tons	37 6	40 0
2½ tons	42 6	46 6
3 ,, ...	47 6	51 6
3½ ,, ...	52 6	58 0
4 ,, ...	57 6	63 0
4½ ,, ...	62 6	70 0
5 ,, ...	67 6	75 0
5½ ,, ...	72 6	82 6
6 ,, ...	72 6	82 6
7 ,, ...	77 6	90 0
8 ,, ...	82 6	95 0
9 ,, ...	87 6	102 6
10 ,, ...	92 6	107 6
11 ,, ...	97 6	112 6
12 ,, ...	102 6	117 6

Lifts over 12 tons, 5*s.* per ton advance.

Mining Machinery.

——	Durban.	Delagoa Bay.
	s. d.	s. d.
Up to 2 tons	30 0	32 6
2½ tons	35 0	39 0
3 ,, ...	40 0	44 0
3½ ,, ...	45 0	50 6
4 ,, ...	50 0	55 6
4½ ,, ...	55 0	62 6
5 ,, ...	60 0	67 6
6 ,, ...	65 0	75 0
7 ,, ...	70 0	82 0
8 ,, ...	75 0	87 6
9 ,, ...	80 0	95 0
10 ,, ...	85 0	102 0
11 ,, ...	90 0	105 0
12 ,, ...	95 0	110 0

Lifts over 12 tons, 5*s.* per ton advance.

JOHANNESBURG CHAMBER OF TRADE.

Boilers.—As per ordinary machinery rates, but Lancashire boilers over 12-ton lifts are taken at 12-ton rate.
Boilers for gold mines and diamond mines.—As per mining machinery rates, but Lancashire boilers over 12-ton lifts are taken at the 12-ton rate.

——	Durban.	Delagoa.
	s. d.	s. d.
Wrought iron or steel tubes—		
Up to 6 ins. internal diameter	33 9	36 3
30 ins. unnested (measured)	30 0	32 6
Nested or measured	40 0	42 6
Cast Iron Pipes—		
Up to 12 ins. diameter	32 6	35 0
16 ins.	37 6	40 0
Girders and other constructional material (rolled), not exceeding 30 ft.	27 6	30 0
Girders, &c., that have been worked on, not exceeding 30 ft.	37 6	40 0
Tank material	27 6	30 0
Rails for railway track	25 0	27 6
Fishplates	27 6	30 0
Points and crossings	27 6	30 0

The above rates are subject to 10 per cent. primage, less 5 per cent.
NOTE.—This is an important change.

APPENDIX XIII.

(*Mr. Thomas.*)

TABLES WITH REGARD TO RATES OF FREIGHT ON HEAVY COILS OF WIRE.

(A.)

TABLE SHOWING THE PERCENTAGE OF INCREASE IN THE CONFERENCE LINE RATES OVER THE RATES CHARGED BY THE HOUSTON LINE AND THE EXTRA COST PER TON OF HEAVY COILS DUE TO THE SUPPOSED REDUCTION IN RATES MADE BY CONFERENCE LINES IN JULY, 1907.

Maximum number of tons carried at rates specified.	Houston Line Rates.	Actual cost per package under Houston Line rates.	Conference Line rates per ton up to July, 1907.	Actual cost per package. No account taken of 10 per cent. Primage as this was rebated after six months or one year.	Percentage of increase in former Conference Line rates over Houston Line rates.	Conference Line rates per ton after July, 1907. (New Rates.)	Actual cost per package after adding 5 per cent. of the original Primage which is not rebated.	Percentage of increase in New Conference Line rates over Houston Line rates.	Difference per package between old and new Conference rates.	Reduction per ton due to new rates on Conference Lines.	Increase per ton over old Conference rates by new rates since July, 1907.
	s. d.	£ s. d.	s. d.	£ s. d.		s. d.	£ s. d.		s. d.	s. d.	s. d.
2	27 6	2 15 0	32 6	3 5 0	18·1	30 0	3 3 0	14·5	2 0	1 0	—
2½	—	—	37 6	4 13 9	—	35 0	4 11 10½	—	1 10½	0 9	—
3	—	—	42 6	6 7 6	—	40 0	6 6 0	—	1 6	0 6	—
3½	—	—	47 6	8 6 3	—	45 0	8 5 4½	—	0 10½	0 3	—
4	30 0	6 0 0	52 6	10 10 0	75·0	50 0	10 10 0	75·0	0 0	0 0	0 0
4½	—	—	57 6	12 18 9	—	55 0	12 19 10½	—	1 1½	—	0 3
5	32 6	8 2 6	62 6	15 12 6	92·3	60 0	15 15 0	93·8	2 6	—	0 6
6	35 0	10 10 0	67 6	20 5 0	92·8	65 0	20 9 6	95·0	4 6	—	0 9
7	—	—	72 6	25 7 6	—	70 0	25 14 6	—	7 0	—	1 0
8	—	—	77 6	31 0 0	—	75 0	31 10 0	—	10 0	—	1 3
9	—	—	82 6	37 2 6	—	80 0	37 16 0	—	13 6	—	1 6
10	42 6	21 5 0	87 6	43 15 0	105·8	85 0	44 12 6	110·0	17 6	—	1 9
11	—	—	92 6	50 17 6	—	90 0	51 19 6	—	22 0	—	2 0
12	45 0	27 0 0	97 6	58 10 0	116·6	95 0	59 17 0	121·6	27 6	—	2 3
13	—	—	102 6	71 15 0	—	100 0	73 10 0	—	35 0	—	2 6

(B.)

TABLE SHOWING THE EXTRA COST PER YARD DUE TO SENDING WIRE ROPES IN LARGE COILS *viâ* THE CONFERENCE LINES TO DURBAN.

Diameter of Rope.	Length of Rope in coil.	Total gross weight of coil.				Price per ton for freight (New Rate).	Total amount of freight with 5 per cent. primage added as this amount is not rebated.			Portion of cost per yard due to Steamship freights.	Extra cost per yard due to long length coils.
Inches.	Feet.	Tons.	Cwts.	Qrs.	Lbs.	Shillings.	£	*s.*	*d.*	Pence.	Pence.
¾	3,000	1	6	3	0	30	2	2	2	·506	—
¾	15,000	6	3	0	4	70	22	12	2	1·085	·579
⅞	3,000	1	16	1	22	30	2	17	5	·689	—
⅞	15,000	8	16	3	6	80	37	2	7	1·7822	1·093
1	3,000	2	3	2	24	35	4	0	4	·964	—
1	15,000	11	2	3	16	95	55	11	8	2·6680	1·704
1⅛	3,000	2	18	2	16	40	6	3	2	1·478	—
1⅛	12,000	11	11	1	0	95	57	13	4	3·460	1·982
1¼	3,000	3	12	1	20	50	9	10	1	2·281	—
1¼	11,000	12	14	0	14	100	66	12	2	4·366	2·085

(C.)

FREIGHT RATES FROM GLASGOW TO DURBAN *viâ* HOUSTON LINE.

	s.	*d.*			*s.*	*d.*	
Up to 2 tons	27	6	per ton.	Above 5 tons and up to 6 tons ...	35	0	per ton.
Above 2 tons and up to 4 tons ...	30	0	„	„ 6 „ „ 10 „ ...	42	6	„
„ 4 „ „ 5 „ ...	32	6	„	„ 10 „ „ 12 „ ...	45	0	„

FREIGHT RATES FROM GLASGOW TO DURBAN *viâ* CONFERENCE LINES.

	Rates, Dec. 1900.	Rates to July 1, 1907.	Rates from July, 1907.	
	s. *d.*	*s.* *d.*	*s.* *d.*	
Under 2 tons	40 0	32 6	30 0	+ 5 per cent. per ton.
2 to 2½ „	45 0	37 6	35 0	
2½ „ 3 „	50 0	42 6	40 0	
3 „ 3½ „	55 0	47 6	45 0	
3½ „ 4 „	60 0	52 6	50 0	
4 „ 4½ „	65 0	57 6	55 0	
4½ „ 5 „	70 0	62 6	60 0	
5 „ 6 „	75 0	67 6	65 0	
6 „ 7 „	80 0	72 6	70 0	
7 „ 8 „	85 0	77 6	75 0	
8 „ 9 „	90 0	82 6	80 0	
9 „ 10 „	95 0	87 6	85 0	
10 „ 11 „	—	92 6	90 0	
11 „ 12 „	—	97 6	95 0	
12 „ 13 „	—	102 6	100 0	

RATES ON WIRE ROPES FROM GLASGOW TO THE EAST.

	s.	*d.*			*s.*	*d.*	
Up to 2 tons	35	0	per ton.	4 to 6 tons	45	0	per ton
2 „ 3 „	37	6	„	6 „ 10 „	50	0	„
3 „ 4 „	40	0	„				

APPENDIX XIV.

(A.)

(*Mr. T. R. Price.*)

CORRESPONDENCE WITH REGARD TO RATES ON LIVE STOCK FROM THE UNITED KINGDOM AND CONTINENT.

(South Africa. No. 3.)

Governor's Office,
Bloemfontein,
July 17th, 1907.

MY LORD,

I HAVE the honour to forward herewith a copy of a letter, covering a communication from the Secretary, Stock Breeders' Association, of the Orange River Colony, to Messrs. W. Cooper and Nephews, East London, and of a statement submitted by the Director of Agriculture of the Orange River Colony on the subject of the apparently excessive freight rates imposed on live stock imported from Europe, as compared with the rates on animals imported from Canada or Australia.

2. It will be seen from the statement that the cost of importing small consignments of horses from Europe is from three to four times greater than the cost of importing them from Canada, and that the same ratio holds good as between cattle imported from Europe, and from Canada. On the other hand, the charge made for large consignments of sheep from Melbourne to Durban worked out at 18*s.* per head, inclusive, as compared with the minimum charge of £4 10*s.* per head for six head and over, quoted from European ports.

3. The matter has been considered by the Executive Council who resolved that, in view of the discussion on shipping freights which is now proceeding, it would be opportune to inform the other South African Governments of the experiences of the Orange River Colony Government with regard to these over-sea shipments, and to urge upon them the necessity of their not overlooking this very important sub-head of the existing freight charges when carrying on negotiations regarding the larger question of reductions of freights on merchandise, &c.

I have, &c.,

(Signed) HAMILTON GOOLD-ADAMS,
Governor.

To His Excellency the High Commissioner.

Department of Agriculture,
Bloemfontein,
Orange River Colony,
June 6th, 1907.

Freight Rates on Live Stock from Oversea.

SIR,

I HAVE the honour to direct your attention to the subject of freight rates imposed on live stock from ports in Europe to South Africa, with the hope that you will bring the matter to the attention of the other South African Governments.

There is reason to believe that the high rates which prevail operate against the extensive importation of stock required for breeding purposes to the detriment of the trade and loss to the original breeder in Europe as well.

It is possible, at present, to import animals from North America or Australia at less cost in freight than is charged on the same class of animals by steamer from Europe.

I attach a copy of a letter setting forth the views of the Orange River Colony Stock Breeders' Association on this subject.

If the various South African Colonies concur in the proposal to press for a reduction in live-stock rates, I would suggest the advisability of having the question represented to the shipping authorities by the Agents of the several Colonies in London.

I have, &c.,
(Signed) W. J. PALMER,
Director of Agriculture.
Orange River Colony.

The Honourable
The Colonial Secretary,
Bloemfontein.

May 6th, 1907.

Messrs. W. Cooper & Nephews,
East London.

GENTLEMEN,

IN acknowledging the receipt of your letter of the 19th ultimo, I wish to state on behalf of the Stock Breeders' Association, of the Orange River Colony, that your proposal to press for a reduction in freight charges made on live stock from European ports to South Africa, if carried out, will meet with the entire approval of stock breeders in this Colony. The high rates have long proved a serious handicap to this live-stock trade, so much so, that breeders have lately begun to look to North America and Australia as possible sources of supply. Freight rates can be obtained from either of these countries at lower cost than from Great Britain. While the stock owner is, in many instances, keenly alive to the necessity for procuring pure-bred stock to improve his flocks and herds, he is hindered from undertaking the importation of the necessary animals by the additional cost over purchase price of getting them delivered in South Africa. The demand for improved stock is increasing from year to year, and breeders are face to face with the question of ordering from European sources, principally from Great Britain, and paying the very high over-sea charges or seeking to obtain what they require from elsewhere.

It is difficult to estimate the loss of trade to the breeder of pure-bred stock in Great Britain through the policy of high freight rates imposed, whereas the progressive stock owner in South Africa is discouraged and obliged to curtail his purchases owing to the same cause.

There is very good reason to believe that a reduction of freight rates would lead to a larger business in this respect, with advantage to both stock owner and shipping company, and it is hoped you may be able to bring this question strongly to the attention of the shipping authorities.

I have, &c.,
(Signed) J. MACMILLIAN,
Secretary, Stock Breeders' Association,
Orange River Colony.

(B.)

(*Mr. T. R. Price and Mr. Du Maresq.*)

TABLE SHOWING RATES OF FREIGHT ON LIVE STOCK FROM CANADA, AUSTRALIA, AND EUROPE.

Canada.		Australia.		Europe.	
	Per Head. £ s. d.				£ s. d.
Horses—		Horses—		Horses—	
5.—Ocean freight ...	5 0 0	Nil.		3.—Freight by intermediate steamer	23 2 0
Feed on voyage ...	2 18 4			Total	23 2 0
Total ...	7 18 4			Rates quoted by Union Castle Steamship Company, per mail boat, inclusive	28 8 0
Cattle—		Cattle—		Cattle—	
51.—Ocean freight ...	3 10 0	Nil.		1 Bull, freight from England ...	21 0 0
Feed on voyage ...	1 14 6			6 Friesland cattle, from Rotterdam, freight	15 15 0
Total ...	5 4 6			7 Devon cattle, by Bucknall Line, freight	15 15 0
11.—Ocean freight ...	3 0 0				
Feed on voyage	2 10 0				
Total ...	5 10 0				
Sheep—		Sheep—	s. d.	Sheep, rates quoted, per head—	
12.—Ocean freight ...	0 15 0	Melbourne to Durban in large consignments of 1,000 head or over.		1 to 5 head	5 0 0
Feed on voyage	0 12 6			6 head upwards	4 10 0
Total ...	1 7 6	Average per head ...	11 6	Including pens, water and food.	
		Feed and attendance on voyage	6 6		
		Total	18 0		
		Pens and water included.			
Inclusive charges—					£ s. d.
Horses	7 18 4	Sheep	18 0	Horses	23 0 0 Intermediate.
Cattle	5 4 6				29 8 0 Mail.
	5 10 0			Cattle	15 15 0
Sheep	1 7 6				21 0 0 On one bull.
				Sheep	5 0 0 or £4 10s.

APPENDIX XV.

(*Colonel Price.*)

TABLES SHOWING EFFECT OF DIFFERENCE OF FREIGHT ON SPECIFIC SHIPMENTS FROM THE UNITED KINGDOM AND UNITED STATES.

(A.)

SHIPMENT OF 200 CASES QUAKER OATS *ex* S.S. "DEGAMA."

Freight from Canada to East London on 200 cases, measuring 700 feet, at 25*s.*=£21 17*s.* 6*d.* or $8\frac{3}{4}d.$ per dozen packets.
„ New York to East London on same shipment would be at 32*s.* 6*d.*=£28 8*s.* 9*d.* or $11\frac{225}{600}d.$ per dozen.

	£	*s.*	*d.*
„ London to East London on same shipment would be at 37*s.* 6*d.* =	32	16	3
Plus 5 per cent.	1	12	10
	£34	9	1

or $13\frac{468}{600}d.$ per dozen.

Difference in favour of Canada as against London, $5\frac{19}{600}d.$ per dozen.
„ „ New York „ $2\frac{234}{600}d.$ „
„ „ Canada against New York, $2\frac{385}{600}d.$ „

(B.)

204 PLOWS *ex* "RABENFELS." AMERICAN COST APPROXIMATELY £2 EACH.

Freight from New York to East London—34 packages, 343 feet at 36*s.* 3*d.* = £15 11*s.* 0*d.* or 1*s.* $6\frac{15}{17}d.$ each.

	£	*s.*	*d.*
„ London to East London would be, 343 feet at 37*s.* 6*d.* =	16	1	7
Plus 5 per cent. ...	0	16	1
	£16	17	8

or 1*s.* $7\frac{178}{204}d.$ each.

Difference in favour of America on freight $1\frac{23}{51}d.$ per plow, which is more than nullified by 3 per cent. advantage to England in Customs Duty.

100 PLOWS *ex* "RABENFELS." AMERICAN COST ABOUT £6 EACH.

Freight from New York to East London—50 cases, 929 feet at 36*s.* 3*d.* = £42 1*s.* 10*d.* or 8*s.* 5_{100}^{72} each.

	£	*s.*	*d.*
„ London to East London would be, 929 feet at 37*s.* 6*d.* =	43	10	11
Plus 5 per cent. ...	2	3	7
	£45	14	6

or 9*s.* $1_{100}^{14}d.$ each.

Advantage in favour of America on freight $8_{100}^{72}d.$ per plow, which is not retained owing to 3 per cent. preferential duty to England.

APPENDIX XVI.

(*Mr. Nisbet.*)

COMPARISON OF RATES ON GOODS OF A SIMILAR NATURE FROM THE UNITED KINGDOM, THE UNITED STATES OF AMERICA, AND CANADA.

Article.	United Kingdom.	United States.	Canada.
	s. *d.*	*s.* *d.*	*s.* *d.*
Bolts	39 4	32 6	—
Confectionery	39 4	36 3	—
Fish, tinned	39 4	32 6	—
Horse shoes	39 4	36 3	—
Rolled oats and oatmeal...	39 4	32 6	30 0
Galvanized iron	26 3	25 0	—
Milk, condensed	39 4	—	30 0
Meats, potted and tinned...	39 4	32 6	30 0
Nails	31 6	30 0	—
Paints	39 4	41 3	—
Boot polish	51 2	36 3	—

Article.	United Kingdom.	United States.	Canada.
	s. *d.*	*s.* *d.*	*s.* *d.*
Paper bags	28 11	27 6	—
Plow parts	39 4	36 3	32 6
Soap, common	28 11	27 6	—
Wire (barb and fencing)...	28 11	27 6	25 0
Shoes	51 3	41 3	—
Sugar	39 4	36 3	—
Shoe blacking	39 4	32 6	—
Scales	39 4	36 3	—
Stoves	39 4	32 6	—
Harness	51 3	41 3	—

APPENDIX XVII.

AGRICULTURAL IMPLEMENTS.

(*Mr. Nisbet.*)

(A.)

STATEMENT SHOWING PRESENT RATES OF FREIGHT FROM THE UNITED STATES OF AMERICA, CANADA, AND THE UNITED KINGDOM.

Article.	United States.	Canada.	United Kingdom.	Article.	United States.	Canada.	United Kingdom.
	s. d.	*s. d.*	*s. d.*		*s. d.*	*s. d.*	*s. d.*
Butter workers	32 6	30 0	39 4	Mealie planters	36 3	32 6	39 4
Baling presses	36 3	32 6	39 4	Mealie shellers	36 3	32 6	31 6
Chaff cutters	36 3	32 6	39 4	Mowers	30 0	27 6	31 6
Churns	32 6	30 0	39 4	Ploughs	36 3	32 6	39 4
Cream separators	32 6	30 0	39 4	Pumps	36 3	32 6	39 4
Cultivators	36 3	32 6	39 4	Reapers	30 0	27 6	31 6
Corn mills	36 3	32 6	39 4	Winnowers	36 3	32 6	31 6
Forage presses	36 3	32 6	39 4	Wire (Barb and netting)	27 6	25 0	28 11
Harrows	36 3	32 6	39 4	Carriages	—	30 0	—
Horse rakes	30 0	27 6	31 6				

(B.)

STATEMENT SHOWING RATES OF FREIGHT ON ACTUAL SHIPMENTS DURING REBATE WAR IN AMERICAN TRADE.

Article.	1901.	1902.	1903.	1904.	1905.	1906.	1907 till 1st July.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Baling presses... ...	—	—	—	—	Apr. 20 0	Mar. 32 6	—
Chaff cutters	—	—	July 22 6	Aug. 17 6	July 27 6	—	—
Churns	Nov. 47 6	—	Jan. 20 0	Feb. 17 6	—	—	—
Cultivators	—	—	Sept. 20 0	—	Jan. 17 6	—	—
					Aug. 30 0		
					Sept. 32 6		
Corn mills	—	—	—	—	Mar. 20 0	—	—
					July 27 6		
Forage presses ...	—	—	July 22 6	Oct. 17 6	Mar. 20 0	—	—
					July 30 0		
					Sept. 32 6		
Harrows	—	—	Sept. 20 0	June 15 0	Aug. 30 0	—	—
Horse rakes	—	—	July 22 6	June 17 6	—	Aug. 36 3	May 30 0
Mealie planters ...	—	—	July 22 6	Apr. 17 6	Aug. 30 0	Mar. 32 6	—
Mealie shellers ...	—	—	July 22 6	—	May 20 0	Mar. 32 6	—
					Aug. 30 0		
Mowers...	—	—	July 22 6	Aug. 17 6	—	Jan. 32 6	—
						Aug. 36 3	
Ploughs	—	Mar. 47 6	Feb. 12 6	—	Oct. 32 6	—	—
			July 22 6				
Pumps	—	—	Dec. 22 6	Mar. 17 6	July 30 0	June 32 6	—
Reapers	—	—	July 22 6	—	—	—	—
Winnowers ...	—	—	Dec. 25 0	—	July 27 6	—	Jan. 36
					Oct. 32 6		
Wire (barb and netting)	Sept. 20 0	Feb. 37 6	—	May 17 6	Mar. 20 0	—	—
		Sept. 10 0			Aug. 27 6		
Carriages	—	—	Oct. 20 0	June 15 0	July 30 0	—	July 32 6

APPENDIX XVIII.

AMERICAN FREIGHTS.

GENERAL GOODS.

(*Mr. Nisbet.*)

(A.)

STATEMENT OF ACTUAL SHIPMENTS SHOWING FLUCTUATIONS AND INSTABILITY OF RATES DURING CONTINUANCE OF REBATE SYSTEM.

Article.	1901.	1902.	1903.	1904.	1905.	1906.	To-day.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Bacon, sliced	Nov. 50 0	—	Apr. 12 6	—	—	—	32 6
Baking powder ...	Nov. 50 0 June 17 6	July 10 0	—	—	—	—	32 6
Brooms	—	July 10 0 Feb. 47 6	—	—	July 27 6	—	32 6
Beef and meats ...	Nov. 50 0	May 45 0 July 10 0	—	Dec. 17 6	—	—	32 6
Fruits (dried) ...	—	—	—	Dec. 17 6	Dec. 32 6	—	32 6
Fish, tinned	—	—	—	Dec. 17 6	Dec. 32 6	—	32 6
Furniture (common)...	—	—	Aug. 23 9 July 22 6	Aug. 17 6	July 27 6	—	32 6
Grease	—	Sept. 10 0 Apr. 50 0	May 20 0	Sept. 17 6	Sept. 32 6 Apr. 20 0	—	—
Fruit jars	—	Feb. 47 6 Sept. 10 0	Feb. 12 6	—	—	—	27 6
Lard	July 45 0	Mar. 50 0 Sept. 10 0	May 20 0	—	—	Jan. 32 6 Nov. 36 3	—
Maizena	—	May 45 0 Sept. 10 0	—	—	—	Dec. 32 6	32 6
Oil (lard)	—	Sept. 10 0 Mar. 50 0	Nov. 21 3	—	—	June 32 6	36 3
Sausages	Nov. 50 0	Feb. 50 0	Jan. 10 0	—	Jan. 17 6	—	32 6
Turpentine	—	Apr. 60 0 Sept. 10 0	Feb. 17 6	Sept. 17 6	Dec. 32 6	—	41 3
Timber, shelving, &c....	Sept. 20 0	July 25 0 Sept. 10 0	Feb. 17 6	Mar. 20 0	—	—	25 0
Harness	—	—	Oct. 20 0	Jan. 26 3	—	—	41 3
Scales	Nov. 50 0	—	Feb. 12 6	—	Sept. 32 6	—	36 3
Rope	—	—	—	—	Mar. 20 0 Oct. 32 6	—	36 3

(B.)

STATEMENT SHOWING RATES OF FREIGHT ON ACTUAL SHIPMENTS OF GENERAL GOODS FROM THE UNITED KINGDOM ON DATES MENTIONED, SHOWING FLUCTUATIONS, IF ANY.

Article.	1901	1902.	1903.	1904.	1905.	1906.	1907 till 1st July.	To-day.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Air bricks	—	—	June 30 0	—	May 38 9	—	Jan. 38 9	39 4
Bacon and hams ...	June 38 9	—	—	—	—	—	Apl. 38 9	39 4
Biscuits	June 38 9	—	—	—	—	—	June 38 0	39 4
Bovril...	July 48 9	—	—	—	—	—	—	51 2
Blankets and sheets...	May 38 9	—	—	—	—	—	—	39 4
Candles	Sept. 38 9	—	—	—	—	—	—	31 6
Chicory	May 38 9	—	July 37 6	—	—	—	—	39 4
Cheese	Apl. 40 0	Oct. 38 9	—	—	—	—	—	39 4
Cloves	—	Apl 40 0	June 38 9	—	—	—	—	39 4
Camphor	—	—	Jan. 40 0 Oct. 48 9	—	—	—	—	51 2
Cement	—	Feb. 35 0	—	—	Feb. 22 6 May 18 9 Aug. 21 3	—	—	—
Confectionery ...	May 38 9	—	—	—	—	—	—	39 4
Embrocation... ...	—	—	—	—	—	—	48 9	51 2
Fish, tinned	—	—	—	—	—	—	38 9	39 4
Glue	—	—	—	—	—	Dec. 38 9	—	39 4
Glass	Sept. 40 0	Oct. 40 0	Apl. 38 9	July 30 0	June 30 0	—	May 30 0	28 11
Horse shoes	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Hoes (kaffir)... ...	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Iron (galvanized) ...	—	Jan. 38 9	—	May to Aug. 25 0	—	May 27 6	Mar. 27 6	26 3
Iron, bar and hoop ...	—	—	—	Feb. 30 0	—	—	July 27 6	26 3
Iron, ridging ...	—	Feb. 38 9 Aug. 30 0	—	Sept. 25 0	—	Jan. 27 6	July 27 6	26 3
Oils, boiled and raw...	—	—	—	Apl. 48 9	—	—	May 48 9	51 3
Oils, salad and castor	—	—	June 48 9	Dec. 38 9	—	Sept. 38 9	—	39 4
Petit pois	Aug. 40 0	—	Jan. 38 9	—	—	—	—	39 4

(B)—*continued.*

Article.	1901.	1902.	1903.	1904.	1905.	1906.	1907 till 1st July.	To-day.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Piping	—	—	—	—	Mar. 30 0 Aug. 31 3	—	Jan. 33 9	—
Pipe fittings ...	—	—	—	Aug. 25 0	Feb. 38 9	—	—	39 4
Rope	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Salt, in cases ...	July 38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Salt, in bags ...	July 30 0	30 0	30 0	30 0	30 0	30 0	30 0	28 11
Salts, Epsom ...	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Spades and shovels	Nov. 35 0	June 40 0 Sept. 30 0	—	—	—	—	—	28 11
Salmon, tinned ...	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Sardines	—	Feb. 40 0	Nov. 38 9	—	—	—	—	39 4
Jams and jellies ...	—	Mar. 38 9	—	—	—	—	Mar. 38 9	39 4
Lime juice	—	—	—	—	Feb. 38 9	—	—	39 4
Milk, condensed ...	July 38 9	Mar. 40 0	Mar. 38 9	38 9	38 9	38 9	38 9	39 4
Marmalade	—	—	—	—	—	Dec. 38 9	—	39 4
Meats, potted ...	Oct. 38 9	—	—	—	—	—	—	39 4
Nails	Aug. 32 6	Jan. 37 6	—	Feb. 32 6	Nov. 32 6	—	—	31 3
Paints, in drums ...	—	—	Mar 38 9	—	—	June 38 9	—	39 4
Paints, in cases ...	—	Apl. 51 3	—	—	Jan. 38 9 Aug. 48 9	Aug. 48 9	Mar. 38 9	39 4
Oatmeal	—	Mar. 38 9	38 9	38 9	38 9	38 9	June 38 9	39 4
Soap, common ...	30 0	30 0	30 0	30 0	30 0	30 0	30 0	28 11
Soap, fancy	38 9	38 9	38 9	38 9	38 9	38 9	38 9	39 4
Soda, washing ...	—	Jan. 38 9	—	July 38 9	June 32 6	—	—	31 6
Soda, caustic ...	Aug. 48 9	—	—	Nov. 48 9	—	—	—	39 4
Soda, carbonate ...	July 38 9	—	—	—	—	—	—	39 4
Tapioca	Nov. 38 9	Apl. 40 0	—	—	Mar. 38 9	—	—	39 4
Wire, fencing ...	Aug. 30 0	Feb. 35 0 Aug. 30 0	July 30 0	—	—	—	—	28 11
Wire, barbed ...	June 30 0	—	—	—	—	—	—	28 11
Wire, netting ...	—	—	May 30 0	—	—	—	—	28 11
Iron, guttering ...	—	July 30 0	—	July 25 0	—	—	—	26 3

APPENDIX XIX.

(*Mr. Garlick.*)

COMPARISON OF THE LARGER ITEMS OF IMPORTS INTO CAPE COLONY FROM UNITED KINGDOM AND UNITED STATES, 1890, 1895, 1898, 1903, AND 1906.

—	1890.		1895.		1898.		1903.		1906.	
	From U.K.	From U.S.A.	From U.K.	From U.S.A.	From U.K.	From U.S.A.	From U.K.	From U.S.A.	From U.K.	From U.S.A.
	£	£	£	£	£	£	£	£	£	£
Apparel and Slops ...	564,743	5	720,982	5,077	752,982	9,755	1,499,017	11,528	1,134,654	16,773
Arms and Ammunition...	95,246	3,636	228,096	9,906	98,779	5,821	123,192	7,162	84,620	5,866
Bags	14,324	Nil.	12,098	48	14,449	370	26,245	2,030	23,921	1,269
Brushware	12,145	2,293	18,626	4,358	19,248	4,731	41,892	6,526	20,137	4,491
Books	70,566	380	96,930	1,704	139,147	4,765	230,468	6,082	153,465	2,362
Boots and Shoes ...	419,215	Nil.	477,296	5,141	499,851	11,519	972,975	29,069	709,754	16,424
Carriages, Carts, &c. ...	16,269	10,167	65,182	29,171	151,061	61,511	101,145	116,949	13,619	26.134
Cigarettes	15,996	531	10,206	22,426	17,269	37,267	101,771	24.654	4,175	12,022
Clocks and Watches ...	18,956	1,038	17,157	5,198	18,634	10,726	21.755	15.339	5,273	4,593
Confectionery & Preserves	66,439	Nil.	84,363	2,106	84,039	2,673	167,818	8,397	85,191	3,342
Cordage	15,975	4,158	13,895	1,771	14,572	1,394	39,840	3.683	20,942	2,225
Cotton Manufactures ...	685,129	2,205	991,915	5,148	1,041,653	7,374	1,364,010	13,790	1,377,056	9,861
Drugs and Chemicals ...	99,248	4,961	128,600	10,845	149,711	15,944	236,771	34,738	144,914	24,742
Fencing Wire	60.279	10,026	41,081	13,389	28,409	27,016	38,388	41,355	48,211	58,435
Furniture & Cabinetware	150,436	13,308	276,877	21,020	267,044	36,847	755,743	119,132	295,791	34,332
Glass	56,121	367	77,552	2,187	105,703	2,191	86,846	14,993	38,845	3,468
Haberdashery & Millinery	968,644	50	1,068,283	1,558	1,223,549	1,279	2,061,385	15,204	627,846	4,362
Hardware and Cutlery ...	504,565	25,776	610,287	55,201	626,867	63,051	1,288,546	252,225	508,126	137,752
Implements and Tools ...	48,335	39,449	50,956	48,434	61,322	47,211	173,056	226,576	67,173	70,851
India-rubber Manufacture.	5,570	236	8,477	1,342	5,768	1,118	10,881	3,027	9,045	1,917
Lamps and Lampware ...	Not available.		20,328	1,087	25,379	4,440	50,920	14,337	17,472	5,848
Machinery (Agricultural)	16,921	4,043	29,427	14,812	49,057	19,757	53,016	48,380	12,770	11,326
Machinery (Other) ...	333,339	98	989,245	248,977	657,041	289,222	1,023,369	384,505	491,125	261,576
Oilman's Stores	Not available.		25,046	711	35,622	2,569	49,177	8,780	59,887	9,456
Plated Ware	16,756	Nil.	36,364	2,606	35,538	2,443	104,366	9,513	55,348	2,671
Saddlery and Harness ...	126,936	237	85,050	1,463	68,401	2,046	174,414	6,679	41,335	765
Stationery	123,468	1,252	200,072	3,725	212,194	8,331	452,112	17,639	246,524	24,285
Wheat	19,683	6,025	9,051	44,997	678	697,062	751	1,219,551	Nil.	93,716
Tinned Meats	13,128	12,394	14,353	21,912	37,815	78,207	81,297	281,496	52,948	82,558

APPENDIX XX.

(Mr. Nisbet.)

(A.)

STATEMENT SHOWING TIME TAKEN IN PASSAGE OF AMERICAN AND CANADIAN STEAMERS TO CAPE TOWN.

AMERICAN.

Steamer.	Sailed New York.	Arrived Cape Town.
"Black Prince"	11th December, 1906 ...	9th January, 1907.
"Clan Macintyre"	15th December, 1906 ...	20th January, 1907.
"Afghan Prince"	18th April, 1907	23rd May. 1907.
"Memnon"	30th May, 1907	3rd July, 1907.
"Corfe Castle"	1st June. 1907	2nd July, 1907.
"Rabenfels"	22nd June, 1907	27th July, 1907.
"Drumgeith"	18th July, 1907	22nd August, 1907.

CANADIAN.

Steamer.	Sailed Montreal.	Arrived Cape Town.
"Canada Cape"...	3rd July, 1907	5th August, 1907.

(B.)

STATEMENT SHOWING ADVERTISED DATES OF SAILINGS FROM AMERICA AND CANADA TO SOUTH AFRICA AND ACTUAL SAILING DATES, TOGETHER WITH PORTS OF DISCHARGE.

Steamer.	Advertised Dates.	Sailed.	Ports of Discharge.
"Clan Maclauchlan" ...	12th August, 1906	18th August, 1906	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.
"Corfe Castle"	1st September, 1906	6th September, 1906	Cape Town, Mossel Bay, Algoa Bay, East London, Natal, Delagoa Bay, and Bloemfontein.
"Aros Castle"	16th September, 1906	23rd September, 1906	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.
"Sabine"	25th October, 1906	26th October, 1906	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.
"Canada Cape"	26th September, 1906	26th September, 1906	Cape Town, Natal, East London, and Algoa Bay.
"Melville"	Late October, 1906	27th October, 1906	Cape Town, Algoa Bay, East London, and Natal.
"Black Prince"	Late November, 1906	11th December, 1906	Cape Town, Algoa Bay, East London, Natal and Delagoa Bay.
"Clan Macintyre" ...	15th December, 1906	15th December, 1906	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.
"Rabenfels"	15th June, 1907	22nd June, 1907	Cape Town, Mossel Bay, Algoa Bay, East London, Natal, Delagoa Bay, and Bloemfontein.
"Gordon Castle" ...	Late June, 1907	6th July, 1907	Cape Town, Algoa Bay, East London, Natal and Delagoa Bay.
"Canada Cape"	Late June, 1907	27th June, 1907	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.
"Drumgeith"	Early July, 1907	19th July, 1907	Cape Town, Algoa Bay, East London, Natal, and Delagoa Bay.

APPENDIX XXI.

(*Mr. Sellar.*)

TABLE SHOWING RAILWAY AND FREIGHT CHARGES ON GOODS IMPORTED FROM EUROPE TO JOHANNESBURG.

224 Cases Sundry Groceries. Measure, 837 ft. 8 ins. Weight, 31,308 lbs. Value, £360 9*s.* 11*d.*

Algoa Bay.			East London.			Durban.			Delagoa Bay.		
	£ *s.* *d.*			£ *s.* *d.*			£ *s.* *d.*			£ *s.* *d.*	
	360 9 11			360 9 11			360 9 11			360 9 11	
Freight ... 31 3	32 14 5		38 9 ...	40 11 5		40 0 ...	41 17 8		42 6 ...	44 10 1	
Wharfage, ½ per cent.	0 18 0		— ...	0 18 0		— ...	0 18 0		0 10 per ton.	0 17 5	
Landing ... 3 0	3 2 10		— ...	—		— ...	—		— ...	—	
Forwarding... 1 0	1 0 11		— ...	1 0 11		— ...	1 0 11		2 0 ...	2 1 10	
Railage ... 6 2	96 10 8		5 9 ...	90 0 3		5 9 ...	90 0 3		3 0 ...	78 5 5	
Total	494 16 9			493 0 6			494 6 9			486 4 8	

APPENDIX XXII.

(*Mr. Hoseason.*)

TABLE SHOWING PROPORTION OF OCEAN FREIGHT TO COST OF CERTAIN CONSIGNMENTS OF FURNITURE.

(1.)

DESK.

Imported by me from Maple, London, *ex* "Goorkha" (Conference Line), referred to by me in evidence.

			£ *s.* *d.*
Prime cost			17 18 7
Weight packed—7 cwts. 3 qrs. 0 lbs.			
Measurement—95 ft. 10 ins			
Or equivalent to 2 tons 7 cwts. 2 qrs. 0 lbs.		£ *s.* *d.*	
Packing	12½ per cent.	2 4 3	
Freight	23 „	4 2 5	
Insurance, Dock Dues, Commission, and Smalls	6 „	1 2 7	
Duty	13½ „	2 8 0	
Landing charges	5 „	0 17 3	
Rail	18½ „	3 7 3	
	78½ „		14 1 9
Kroonstad, Landed Cost			£32 0 4

T. W. HOSEASON.

Kroonstad, O R.C.
30th September, 1907.

(2.)

WARDROBE.

Imported by me from Maple, London, *ex* "Goorkha" (Conference Line.)

			£ *s.* *d.*
Prime cost			21 12 3
Weight packed—11 cwts. 1 qr. 4 lbs.			
Measurement—143 feet			
Or equivalent—3 tons 11 cwts. 2 qrs. 0 lbs.		£ *s.* *d.*	
Packing	15½ per cent.	3 5 11	
Freight	28½ „	6 2 11	
Insurance, Dock-dues, Commission and Smalls	6¾ „	1 9 4	
Duty	14 „	3 0 0	
Landing	5¼ „	1 2 9	
Rail	22½ „	4 18 0	
	92½ „		19 18 11
Kroonstad, Landed Cost			£41 11 2

T. W. HOSEASON.

Kroonstad, O.R.C.,
30th September, 1907.

APPENDIX XXIII.

(*Mr. Lerchen.*)

CORRESPONDENCE WITH REGARD TO THE CARRIAGE OF COAL BY THE UNION CASTLE COMPANY.

The Union-Castle Mail Steamship Company Limited,
East London,
7th May, 1907.

The Secretary,
Chamber of Commei
East London.

DEAR SIR,

WITH reference to the motion brought forward by Mr. Lerchen, at the last ordinary meeting, with reference to the selling of coal by the Union-Castle Company, and which was on the Agenda for discussion at the ordinary meeting to be held on the 8th instant, we beg to advise you that we have written to Mr. Lerchen informing him that Messrs. Watson and Company will sell all the Natal Coal Export Association's coal at this port.

It will, consequently, not be necessary for this motion to be brought forward at the meeting, and we need not, therefore, be represented.

Yours faithfully,
(Signed) For the Union-Castle Mail Steamship Company, Limited,
(East London Agency),
J. POLLANDS.

(Copy.)
Heinrich Knorr,
Landing and Forwarding Agent.
Agent for:—
Hansa Line of Steamers.
German Australian Steamship Company.
East London,
May 7th, 1907.

J. Pollands, Esq.,
c/o Messrs. Union-Castle Company, Limited,
East London.

DEAR SIR,

I BEG to own receipt of your favour of the 7th instant, and though you advise that Messrs. Watson and Company will sell all the Natal Export Association's coal at this port, this is by no means satisfactory to me.

The point on which I have raised the whole discussion is, that your Company, as a steamship company, supported by the South African trade, should not do any merchant's business whatsoever. Though you have appointed somebody else your local agents, this does not do away with the fact that you are the sellers of the coal, and that nobody in East London could buy Association coal other than through you or Messrs. Watson and Company. Even at the present time, you have contracts running with local concerns, which were concluded by yourselves, and under the circumstances I do not see my way to abandon the motion which I shall bring forward, but with the omission of the words "in their own name."

I trust you will be able to be present at the meeting.

I remain, dear Sir,
Yours faithfully,
(Signed) H. W. LERCHEN.

(Copy.)

The Union-Castle Mail Steamship Company, Limited,
East London,
7th May, 19

SIR,

WE beg to advise you that we wrote to the Secretary of the Chamber to-day, stating that we had advised Mr. Lerchen that all the Natal Coal Export Association's Coal would now be sold by Messrs. Watson & Co. here, and consequently it would not now be necessary for him to bring forward the motion which is on the agenda for discussion at to-morrow's meeting, 8th instant. We have, however, received a letter from Mr. Lerchen, copy of which we attach, wherein he informs us that he still intends bringing forward his motion, but with a slight modification, and to make matters clear we wish respectfully to put before you a few of the cardinal points on the question raised by Mr. Lerchen. We agreed with the Natal Coal Export Association to take all their coal for bunkers—and for export—a certain quantity being stipulated in each case, the object of the company, as a shipping company, being to secure freightage. Export coal is carried similarly by many steamship companies in other parts of the world if it suits and pays them to do so, unless there is a compact to the contrary, and no authority has yet disputed, or can dispute, their legitimate right to do so. One of the conditions made by the association was that coal could only be sold through their own agents, and each of the collieries duly appointed one, but chiefly on account of severe competition of outside companies and partly on account of inactivity of some of the association's agents, we could foresee that it would be quite impossible to dispose of the quantity agreed upon in the time stipulated, and we were reluctantly obliged to practically take over the selling of the coal ourselves. We may here state that Mr. Lerchen was offered an agency for one of the Associated Collieries, but declined, and he is quite aware of the facts we have herein enumerated.

A statement made at the last ordinary meeting should not pass unnoticed, viz.:—"that although "to-day it is coal, to-morrow it may be some other "trade the company may wish to enter into in com-"petition with merchants." Your Chamber is aware that the shipping companies specially reserve coal in their compact with the Merchants' Committee in London, whereby it is agreed that the shipping companies should not bring out *cargo other than coal* on ship's account.

We do not wish, nor do we think it necessary, to discuss our action further. We have clearly the right to do as we have done without being questioned, but in order to avoid any misconception we have given you the foregoing details, and we trust that we have made the position quite clear.

We have informed Mr. Lerchen that we have written to you.

We have the honour to be, Sir,
Your obedient Servants,
(Signed) For the Union-Castle Mail Steamship Company, Limited
(East London Agency),
J. POLLANDS.

The Chairman,
Chamber of Commerce,
East London.

APPENDIX XXIV.

(Mr. Salmon.)

(A.)

DURBAN CHAMBER OF COMMERCE REPORT, 1906, PAGES 49 AND 50

NATAL PRODUCTS.

COAL

1. The output of the Natal coal mines for 1906 is officially reported by the Commissioner of Mines as 1,238,713 tons, an increase of 109,306 tons upon the output for 1905. Thirteen mines are credited with producing upwards of 12,000 tons each, and of these there are five which exceeded 100,000 tons. Natal is now turning out nearly as much coal as New Zealand, about a seventh of the yield of Canada, a seventh of that of the Australian Commonwealth, and about an eighth of that of India.

2. Coal bunkered, 487,892 tons, is a slight decline on last year's total. Of this tonnage, 103,416 were taken by 157 steamers calling for the sole purpose of coaling, as against 163,280 tons and 221 steamers in 1905.

3. Coal exports by sea advanced from 42,618 tons in 1905 to 215,977 in 1906. This chief feature in the year's trade is due to supplies being shipped for the requirements of the Cape Government Railways (110,000 tons), and the contract has been secured by Natal mines for the supply of 150,000 tons during 1907.

CONTRIBUTION OF COAL, 1906 AND 1905.

Colliery.	1906.	1905.
	Tons.	Tons.
Natal Navigation	215,517	228,273
Durban Navigation	178,819	101,019
Elands Laagte	177,491	165,277
Glencoe	127,888	117,428
Dundee	102,939	138,718
St. George's	96,337	101,423
South African	92,796	59,562
Newcastle	83,302	67,355
Natal Cambrian	69,596	23,092
Other Collieries	94,028	127,260
Total output (tons of 2,240 lbs.)	1,238,713	1,129,407
Value at pit's mouth	£524,296	£467,162

DISTRIBUTION OF COAL OUTPUT, 1906 AND 1905.

—	—	1906.	—	1905.
	Tons.	Tons.	Tons.	Tons.
Exported by sea ...	—	215,977	—	42,618
To Cape Colony ...	198,728	—	42,618	—
Elsewhere	17,248	—	—	—
Exported overland ...	—	119,708	—	172,827
To Cape Colony ...	33,199	—	96,530	—
Transvaal	59,481	—	54,770	—
Orange River Colony	27,028	—	21,527	—
Bunkered at Durban ...	—	487,892	—	561,250
Consumed on Natal Government Railways.	—	221,444	—	208,223
Otherwise consumed, stacked in the Colony, or unaccounted for.	—	193,692	—	144,489
Total tons ...	—	1,238,713	—	1,129,407

(B.)

STATEMENT SHOWING PRICES OF COAL AT THE VARIOUS PORTS.

Per 2,240 lbs.

Description.	Cape Town.	Port Elizabeth.	East London.	Port Natal.	Delagoa Bay.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*
Natal Coal, F.A.S.	—	—	—	15 0 to 17 0 (plus shipping)*	—
Transvaal Coal, F.O.B.	—	—	—	—	15 4
Natal Coal F.A.S. (includes landing, shipping and insurance).	24 6	24 0 to 24 6	23 6	—	—
Welsh Coal, F.A.S.	(33*s.* 6*d.* to 36*s.* 6*d.* at all Cape Ports) rising in value.				

* Shipping charges at Port Natal. Cargo coal 7½*d.* by appliances. Bunkers, 1*s.* By hand labour, 1*s.* 9*d.* per ton.

APPENDIX XXV.

(A.)

(Mr. Salmon)

STATEMENT SHOWING GOVERNMENT FREIGHTS AND NETT FREIGHTS PAID BY THE GENERAL PUBLIC AT PORT NATAL.

TARIFF RATES PER 2,240 LBS. OR 40 CUBIC FEET AT SHIP'S OPTION.

Classes.	Rates paid by Government, viz., East London old rates, less 6*d.*, less 20 per cent., plus 2*s.* 6*d.* landing.	Rate paid by General Public.	Difference.
	s. *d.*	*s.* *d.*	*s.* *d.*
No. 1 ...	41 1	52 6	11 5
„ 2 ...	33 1	39 4½	6 3½
„ 3 ...	28 1	31 6	3 5
„ 4 ...	26 1	28 10½	2 9½
„ 5 ...	24 1	26 3	2 2

SPECIAL RATES.

Rails, &c., full cargoes	17	6	nett.
„ small parcels	18	6	„

GOODS CARRIED UNDER CLAUSE IV. OF CROWN AGENTS' CONTRACT AS FOLLOWS:—

Axles, bollards	20*s.*, plus 2*s.* 6*d.* landing.
Mooring blocks	
Railway tyres	
Telegraph and electric light poles and basis	
Wheels and axles	
Earthenware pipes	
Iron and steel, unpacked	
Switches and crossings	
W.I. and C.I. pipes	
Locomotive and rolling stock, including under-frames	
Locomotive boilers (but not other spare parts subsequently shipped separately)	
Bridgework	

(B.)

(Mr. Cock.)

CAPE GOVERNMENT RAILWAYS.—WESTERN SYSTEM.

STATEMENT OF EXPENDITURE ON ACCOUNT OF FREIGHT INCURRED DURING THE YEAR 1906 AND THE AMOUNT THE SAME TONNAGE WOULD COST TO IMPORT AT THE PRESENT RATES CHARGED TO MERCHANTS.

Material.	Tons.	CONFERENCE LINES' RATES TO CAPE GOVERNMENT. Rate.	Amount.	CONFERENCE LINES' RATES TO MERCHANTS, ETC. Rate.	Amount after adding Primage and deducting Rebate.	Difference.
			£ *s.* *d.*		£ *s.* *d.*	£ *s.* *d.*
Bricks, Fire	368 15/20	20*s.* 3*d.*	373 5 5	22*s.* 6*d.*	435 11 9	62 6 4
Bridgework	3,156	say 20*s.* 3*d.*	3,203 8 10	30*s.*	4,970 14 0	1,767 5 2
Cement	3,398	*12*s.* 6*d.* & 15*s.*	2,273 18 4	*12*s.* 6*d.* & 15*s.*	2,273 18 4	—
Clay, Fire	71	20*s.* 3*d.*	71 12 6	22*s.* 6*d.*	83 17 5	12 4 11
Coal, Smith's	1,145	Special Charter	801 10 0	Special Charter	801 10 0	—
Gear, Electrical	108 10/20	25*s.*, 34*s.*, 68*s.*	174 6 10	30*s.*, 42*s.* 6*d.* & 85*s.*	227 1 3	52 14 5
Iron and Steel, Galv. and Corrug. Iron, Pig.	503 7/20	20*s.*	503 9 10	22*s.* 6*d.*	594 11 8	91 1 10
Lead, Sheet	13	25*s.*	16 5 9	30*s.*	20 9 6	4 3 9
Machinery	44 12/20	20*s.*, 25*s.*, 30*s.*, 32*s.* 6*d.*	58 11 0	22*s.* 6*d.*, 30*s.*, 35*s.*, 37*s.* 6*d.*	72 7 11	13 16 11
Oils, excluding Paraffin ...	454 10/20	25*s.* & 34*s.*	627 6 3	30*s.* & 42*s.* 6*d.*	802 2 11	174 16 8
Paint and White Lead	81	25*s.* & 34*s.*	103 12 11	30*s.* & 42*s.* 6*d.*	131 3 1	27 10 2
Roofing Material	242	25*s.*	303 1 3	30*s.*	381 3 0	78 1 9
Tanks, G. I.	13	20*s.* 3*d.*	13 0 7	22*s.* 6*d.*	15 7 1	2 6 6
Timber	21	25*s.*	25 19 9	30*s.*	33 1 6	7 1 9
Waste	204 5/20	22*s.* 6*d.*	229 13 10	25*s.*	267 18 11	38 5 1
General Stores	1,573 1/20	22*s.* 6*d.*, 25*s.*, 27*s.* 6*d.*, 32*s.* 6*d.* & 34*s.*	1,933 3 5	25*s.*, 30*s.*, 27*s.* 6*d.*, 37*s.* 6*d.* & 42*s.* 6*d.*	2,410 15 6	477 12 1
Do.	say 3 10/20	47*s.* 6*d.*	8 10 10	46*s.* 3*d.*	8 14 9	0 3 11
Do.	5 15/20	68*s.*	19 9 5	85*s.*	25 13 2	6 3 9
Do.	1 15/20	20*s.* per cent., 30*s.* per cent. and in full.	12 11 6	25*s.* per cent., 30*s.* per cent. and in full.	13 8 11	0 17 5
Rails, Steel	700	18*s.* 6*d.*	647 10 7	22*s.* 6*d.*	826 17 6	179 6 11
Fishplates, Fish Bolts and Dog Spikes.	226	18*s.* 6*d.*	209 15 7	22*s.* 6*d.*	266 19 3	57 3 8
Switches and Crossings ...	113	20*s.*	112 18 3	22*s.* 6*d.*	133 9 8	20 11 5
Locomotives and Tenders, Motor Cars and Underframes	1,784 9/20	20*s.*, 22*s.* 6*d.*, 25*s.*, 27*s.* 6*d.*, 30*s.*, 47*s.* 6*d.*, 55*s.*, & 62*s.* 6*d.*	2,120 4 7	22*s.* 6*d.*, 25*s.*, 30*s.*, 27*s.* 6*d.*, 32*s.* 6*d.*, 50*s.*, 57*s.* 6*d.*, & 65*s.*	2,460 8 11	340 4 4
	14,231 17/20	—	£13,843 7 3	—	17,257 6 0	3,413 18 9

* Rate to Cape Government is unfixed. Ruling rate of time of shipment accepted. Hence no difference.

(B)—*continued.*

Material.	Tons.	Conference Lines' Rates to Cape Government. Rate.	Amount.	Conference Lines' Rates to Merchants, etc. Rate.	Amount after adding Primage and deducting Rebate.	Difference.
			£ s. d.		£ s. d.	£ s. d.
Stationery and Printed Forms	307 14/20	20s. 3d., 25s., & 34s.	454 6 4	22s. 6d., 30s., & 42s. 6d.	585 1 1	130 14 9
Do. do.	2 10/20	20 per cent., 30 per cent., and in full.	15 4 5	25 & 30 per cent. and in full.	16 13 10	1 9 5
Do. do. Mail	3 15/20	32s. 6d. & 47s. 6d.	8 4 2	31s. 3d., & 46s. 3d.	8 7 6	0 3 4
	314	—	£477 14 11	—	£610 2 5	£132 7 6
Refreshments :—						
Liquors	1 6/20	34s.	2 1 5	42s. 6d.	2 15 9	0 14 4
Groceries	144 7/20	25s. & 34s.	188 16 1	30s. & 42s. 6d.	239 8 9	50 12 8
Do. ... ... Mail	2 14/20	32s. 6d. & 47s. 6d.	4 10 2	31s. 3d. & 46s. 3d.	4 11 2	0 1 0
Crockery, etc. ... Mail	2	32s. 6d. & 47s. 6d.	5 4 5	31s. 3d. & 46s. 3d.	5 7 0	0 2 7
General	53 13/20	20s., 20s. 3d., 25s. & 34s.	63 1 8	30s., 32s. 6d. & 42s. 6d.	77 13 4	14 11 8
	203 18/20	—	£263 13 9	—	£329 16 0	£66 2 3

SUMMARY.

General Stores	11,408 6/20	Averaging 19s. 9½d. per ton.	10,752 18 3	Averaging 24s. 8d. per ton.	13,569 10 8	2,816 12 5
Permanent Way Material ...	1,039		970 4 5		1,227 6 5	257 2 0
Rolling Stock	1,784 9/20		2,120 4 7		2,460 8 11	340 4 4
Stationery	314		477 14 11		610 2 5	132 7 6
Refreshments	203 18/20		263 13 9		329 16 0	66 2 3
	14,749 15/20		£14,584 15 11		£18,197 4 5	£3,612 8 6

APPENDIX XXVI.

(*Mr. T. R. Price.*)

CORRESPONDENCE BETWEEN THE GENERAL MANAGER OF THE CENTRAL SOUTH AFRICAN RAILWAYS, THE CROWN AGENTS AND MESSRS. BUCKNALL BROS. WITH REGARD TO THE ISSUE OF A CLASSIFICATION LIST.

Messrs. Freelands to Crown Agents.

13, Great St. Helens,
24th April, 1907.

In reply to your memorandum of the 16th instant, we beg to inform you that after repeated applications to the Conference Lines we have received a letter to the following effect from Messrs. Bucknall:—

"With regard to your application for a copy "of the classification list now in force with the "Conference Lines, we beg to say that we have no "such list at hand of our own, but send you a "copy of the publication issued by the German-"Australian Steamship Company, which, we think, "will give you all the information you require. "The publication of classification lists was dis-"continued some time ago by the English Lines, "as it was found practically impossible to keep "the lists in the possession of various parties "posted up to date with the frequent changes made "affecting the classification of the goods. These "unrevised classification lists gave rise to griev-"ances among shippers, consequently, it was "deemed advisable to discontinue them."

We enclose two copies of classification of cargo prepared by the German-Australian Steamship Company, which we hope will be of use to the Transvaal and Orange River Colonies.

(Copy.)

184 S./O.R.C., C.S.A.R./361.

Crown Agents to General Manager.

(O.R.C. & C.S.A.R. 361.)

25th April, 1907.

Sir,

In continuation of our letter of the 28th of February, No. 98, I have the honour to enclose a copy of a memorandum, from our Shipping Agents, respecting their endeavours to obtain from the Conference Lines a classification list of the goods conveyed under the tariff to South Africa. We also enclose a copy of the list prepared by the German-Australian Steamship Company to which they refer.

I have, &c.,
(Signed) E. BLAKE.

(Copy.)

205 S/C.S.A.R. 361.

Crown Agents to General Manager.

Whitehall Gardens,
London, S.W.,
9th May, 1907.

Sir,

I have to acknowledge the receipt of your letter of the 8th April, No. I. 316 F., asking us (1) to point out to the Conference Lines the necessity of attaching a complete classification schedule to the freight contract; and (2) to forward to you in the meantime a copy of the classification list which we employ for the purpose of checking freight rates.

2. Our letter of the 25th of April, No. 184, has crossed yours in reply, and I would now add that we will bear your request (1) in mind when the renewal of the freight contract is under consideration, but in view of the miscellaneous nature of the goods which we ship to South Africa, and for the reasons given by Messrs. Bucknall Brothers, in the enclosure to our letter of the 25th April, it is very doubtful if we shall succeed in inducing the Lines to attach a complete classification of cargo to the contract.

3. As regards (2), it is clearly impossible for us, in the absence of a detailed schedule, to check the charges on goods other than those which are specifically

mentioned in the contract, and we therefore rely on our shipping agents to see that the rates in such cases are fair and reasonable. Messrs. Freeland exercise a careful supervision over the freight charges on all classes of goods, and their long experience enables them to safeguard the interests of the Railway Administration in the matter. We shall at all times be glad to enquire into any cases where freight charges are regarded as excessive.

I am, Sir,
Your obedient Servant,
(Signed) E. BLAKE.

Ref. I./317 F.

General Manager to Crown Agents.

10th June, 1907.

GENTLEMEN,

I HAVE to acknowledge the receipt of your letter of the 9th ultimo, No. 205 S/361, relative to the supply of a classification schedule in connection with our contract with the Conference Lines for the conveyance of stores to South Africa.

2. I note that you will bear our request in mind when the renewal of the freight contract is under consideration, and I think you should insist on the steamship companies furnishing a classification list of articles to be carried under Classes 1 to 5. The contract lacking this information is incomplete in one of its most important clauses, and we are placed under great disability in not being able to check the rates charged from time to time.

3. I was surprised to read from your letter that there has been no check whatever in your office of the freight rates charged by the Conference Lines for the conveyance of general stores during the existence of our contract with them, and although Messrs. Freeland exercises a careful supervision over the charges on all classes of goods I think you will agree with me that it would be much more satisfactory to all concerned if the schedule asked for was attached to the contract.

4. The copy of the classification list prepared by the German-Australian Steamship Company and forwarded under cover of your letter of the 25th April last, is of little value to us, as is it not, apparently, binding on the English Lines.

I am, Gentlemen,
Your obedient Servant,
(Signed) T. R. PRICE,
General Manager.

The Crown Agents for the Colonies,
Whitehall Gardens, London, S.W.

(Copy.)

Messrs. Bucknall Bros. to Messrs. Freeland.

East India Chambers,
23, Leadenhall Street, E.C.
12th July, 1907.

DEAR SIRS,

WITH regard to your application for a copy of the full classification now in use by the Conference Lines, we regret that we are quite unable to furnish you with such a list, as the Conference Lines some years ago decided against circulating classifications. We may explain that it was found to lead to endless trouble, owing to the frequent changes which at times occurred, and there is now no tabulated list available that we can give out as you desire. This has been the practice for a long time past. We shall, of course, be glad to furnish you with information as to the classification of any particular goods that you may specify, which we presume will be adequate for the purposes of your friends.

We are, &c.,
(Signed) BUCKNALL BROTHERS.

(Copy.)

S/C.S.A.R./361.

Messrs. Freeland to Crown Agents.

13, Great St. Helens, E.C.
12th July, 1907.

IN reply, we beg to inform you that we have repeatedly applied to the South African Lines Conference for a classification list, but regret that we are unable to obtain it.

2. We have even asked for the loan of a list so that we might copy it for you, but this they will not allow.

3. We enclose a letter from Messrs. Bucknall Bros. on the subject.

4. The letter from the General Manager of the C.S.A.R. is returned herewith.

(Initialled) J. & A. B. F.

(Copy.)

311 S/C.S.A.R. 361.

Crown Agents to General Manager.

Whitehall Gardens,
London, S.W.,
16th July, 1907.

SIR,

I HAVE the honour to acknowledge the receipt of your letter of the 10th June, No. I. 317 F., respecting the supply of a classification schedule in connection with the contract for the conveyance of stores to South Africa.

2. Our shipping agents have again been in communication with the Conference Lines on the subject and I forward a copy of a memorandum from them and of its enclosures. It will be seen that the Lines still decline to furnish the list but state that they would be prepared to give information respecting any particular goods which may be specified.

3. As the business of the Railway Administration on this side will shortly be transferred to the Agent-General for the Transvaal, future negotiations as to freight arrangements will be in his hands. We have, therefore, notified him of the wish of the Railway Administration, both as regards the supply of a classification list to accompany the freight contract, and also of its desire to do its own landing at South African ports, and it remains to be seen whether he will be more successful than we have been in inducing the Conference Lines to meet the wishes of the Railway Administration. It is, of course, easy to express surprise at things not having been done to meet your wishes, but such remarks are useless unless an indication is given of the manner in which your wishes could be enforced on the Conference Lines.

I am, Sir,
Your obedient Servant,
(Signed) E. BLAKE.

APPENDIX XXVII.

(Mr. T. R. Price.)

(A.)

STATEMENT OF DECISIONS ARRIVED AT BY INTER-COLONIAL CONFERENCE HELD AT BLOEMFONTEIN ON 6TH JULY TO CONSIDER EFFECT OF THE ALTERATION OF OCEAN FREIGHTS UPON THE RAILWAY *MODUS VIVENDI.*

Government House,
Bloemfontein,
July 6th, 1907.

At a Meeting held to-day, present:—Dr. Jameson, representing the Cape Colony; Mr. Moor and Dr. O'Grady Gubbins, representing Natal; General Botha, and Mr. Hull, representing the Transvaal; and Sir Hamilton Goold-Adams and Mr. Wilson, the Orange River Colony; it was agreed with respect to the alterations in shipping freights recently made by the Conference Lines to South African ports to accept such alterations without prejudice to the action of the Royal Commission now enquiring into the question of shipping freights and rebates, but in order to maintain the status quo arrived at between the four British Colonies and the Government of Portuguese East Africa in November last, pending the meeting of the Inter-Colonial Conference, and in order further to continue concerted action on the part of the various British Colonies in the direction of a re-adjustment of, and adequate reductions in, sea freights, the following conditions shall apply:—

(*a*) The railway rates at present existing from the various ports shall remain undisturbed, but rebates shall be granted in respect of the various ports affected in such a manner as to maintain the status quo which existed prior to the 1st July, 1907. The competitive areas to which such rebates shall apply shall be settled by the General Managers, but subject to the approval of the Governments concerned.

(*b*) Such rebates shall apply only to freight from Europe carried by ships of the Conference Lines affected by the recent alterations of sea freights.

(*c*) The amount of such rebates shall be contributed by the four British Colonies in proportions to be agreed upon, but the Transvaal Government will endeavour to obtain the consent of the Government of Portuguese East Africa to bear its proportion of such rebate.

(*d*) This Agreement shall continue until the meeting of the Inter-Colonial Conference to be held as soon as possible after the appointment of a responsible Ministry in the Orange River Colony.

(*e*) The Natal Government reserves to itself the right to re-open at that Conference the question of differentiation of sea freights as between the various South African ports.

(*f*) If the Conference Lines shall make any further alterations in freights before the meeting of the Inter-Colonial Conference takes place, the system of rebates or countervailing rates shall apply automatically to such further alterations.

(*g*) The expression "rebates," wherever used in this Memorandum, is understood to mean premiums or money paid by way of levelling down freights.

(Signed)
L. S. JAMESON.
F. R. MOOR.
L. BOTHA.
HAMILTON GOOLD-ADAMS.

(B.)

STATEMENT SHOWING EFFECT GIVEN TO DECISIONS OF INTER-COLONIAL CONFERENCE AT A CONFERENCE OF RAILWAY EXPERTS ON THE SAME DAY.

Government House,
Bloemfontein,
6th July, 1907.

Decisions come to at a Meeting held at Government House to-day, 6th July, 1907.

Present:

T. R. Price, General Manager, C.S.A.R. (Chairman).
T. S. McEwen, General Manager, C.G.R.
E. R. Ross, General Manager, N.G.R.
—. —. Plowman, Natal.
Hon. R. H. Brand, Secretary, Inter-Colonial Council.

1. It is agreed that the recommendations now made are understood to apply only to traffic imported from Europe by the Conference Lines, subject to the alteration in steamer freight notified as applying to the ports of Cape Town, Port Elizabeth, East London, Durban, and Lourenco Marques as from 1st July, 1907.

2. Subject to the reservation that the Natal representatives reserve the right to object to contribute to the rebates to be granted to certain districts, it was agreed that the area within which rebates should be granted on traffic imported viâ the ports of Port Elizabeth and East London shall be Bloemfontein to Maseru, Ladybrand, Bethlehem, Kroonstad, Bloemfontein, to Winburg, Heilbron and Vereeniging, all inclusive, and to the Transvaal competitive zone as already defined (viz., Vereeniging, Springs, Pretoria, Zeerust, Vierfontein, and Klerksdorp).

Mr. Ross wished it recorded that he agreed to the foregoing zone on the understanding the Conference desired the Orange River Colony to be included, his own view being that the rebate should be restricted to the Transvaal competitive zone.

Mr. McEwen desired it to be recorded that in his opinion the rebate should be granted on traffic imported viâ Cap Town to the agreed area, and the amount of such rebate should be divided between the Colonies interested in the same manner as the rebates granted in the case of traffic viâ Port Elizabeth and East London.

Mr. McEwen further desired it to be recorded that he considered the rebate should be granted to all stations on the C.S.A.R., but in view of what he understood to be the intention of the Conference he did not wish to press the point, and for that reason he concurred in the area defined. He would find it necessary to point out to his Minister that the failure to grant rebates to stations south of Bloemfontein might have the effect of influencing the route adopted to such stations from Cape ports, and he thought the knowledge of this fact might influence Dr. Jameson's decision.

Mr. Price stated this was a consideration which could not be expected to influence the C.S.A.R., and while he would not oppose the granting of rebates to such stations he did not consider the C.S.A.R. should contribute thereto.

It was agreed that in the division of the rebates between the several Colonies, the Colony of Natal and the C.F.I.M. should be excluded from participating in payment of rebates granted by C.G.R. in traffic imported viâ Port Elizabeth and East London to stations between the following points:—

Bloemfontein and Thaba 'Nchu, both inclusive.
Bloemfontein and Brandfort, both inclusive.
Fouriesburg and Bethlehem, both inclusive.
Bethlehem inclusive to Kroonstad exclusive.
Bank to Vierfontein, both inclusive.

The amount of rebate to the foregoing stations to be divided between the Cape and C.S.A.R. in the proportions to be agreed.

Mr. McEwen wished it to be recorded that in his opinion both Natal and C.F.L.M. should contribute their quota to the rebate granted throughout the Transvaal competitive zone.

Mr. Ross desired it to be recorded that Natal considers the area Bank to Vierfontein should be excluded from Natal's contribution, on the grounds of the already existing large disparity of railway rates in favour of the Cape Ports.

The Chairman considered that the area recommended to be excluded as fair to all parties in the circumstances.

With regard to the method of the division of the rebates to be granted by C.G.R. between the several Colonies, it was agreed that amount rebated should be divided in the following proportions, viz.:—C.F.L.M. to contribute in the proportion of 55 miles to the mean mileage to Germiston by the four routes, namely, from Lourenco Marques, from Durban, from East London, and from Port Elizabeth.

The remainder of the amount, after deduction of C.F.L.M. share, to be paid in equal shares by C.S.A.R., N.G.R., and C.G.R., *i.e.*, one-third of amount by each.

With regard to the description of traffic on which the rebate should be granted it was the view of the C.S.A.R. and N.G.R. representatives that the same should be limited to direct forwarding from the ports and to traffic sent direct out of bond. They pointed out that any attempt to extend the rebates to traffic from open stocks was open to abuse and even to fraud in that it was not easily possible to distinguish:—

(*a*) Traffic imported prior to alteration of rates.
(*b*) Traffic imported by mail and by intermediate steamers, there being a difference between the two.
(*c*) Traffic imported by other than Conference Lines.

Mr. McEwen stated he appreciated the difficulties and dangers pointed out in the case of open stocks, but the traffic of that description was so very considerable that he did not feel warranted in agreeing to its exclusion without first consulting the representatives of the interests concerned.

The Cape, in the granting of rebates, shall be required to obtain receipts for the rebates granted, and when claiming shares in division shall also certify that the amounts so granted are bonâ fide, the difference due as agreed by this Committee on the actual bills of lading as produced.

It will be open to either of the parties interested from time to time to audit the records and accounts on which rebates are claimed.

It was agreed that the amounts to be rebated should be as follows:—

INTERMEDIATE STEAMERS.

——	Prior to July 1.	Difference.	New Rate.	Difference.	Rebate.
Class I—	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Port Elizabeth...	42 6	?	44 7½	?	2 1½
East London ...	48 9	6 3	51 2¼	6 7	2 5¼
Durban... ...	52 6	10 0	52 6	7 10½	—
Class II—					
Port Elizabeth...	31 3	—	31 6	—	0 10½
East London ...	38 9	7 6	39 4½	7 10½	1 3*
Durban... ...	40 0	8 9	39 4½	7 10½	—
Class III—					
Port Elizabeth...	25 0	—	26 3	—	2 3
East London ...	32 6	7 6	31 6	5 3	—
Durban... ...	32 6	7 6	31 6	5 3	—
Class IV—					
Port Elizabeth .	22 6	—	23 7½	—	2 3
East London ...	30 0	7 6	28 10½	5 3	—
Durban... ...	30 0	7 6	28 10½	5 3	—
Class V—					
Port Elizabeth...	20 0	—	21 0	—	2 3
East London ...	27 7	7 6	26 3	5 3	—
Durban... ...	27 6	7 6	26 3	5 3	—

MAIL STEAMERS.

Class I—	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Port Elizabeth...	47 6	—	48 6¾	—	0 11
East London ...	53 9	6 3	55 1½	—	1 3
Durban... ...	55 0	7 6	55 1½	—	—
Class II—					
Port Elizabeth...	32 6	—	31 6	—	0 4
Durban... ...	40 0	7 6	39 4½	—	0 4½†

* With regard to the rebate of 1*s.* 3*d.* on the second class traffic *via* East London, the Natal representative pointed out that it placed East London in a better position in regard to the rate per ton than formerly and considered that the rebate should only be 7½*d.*

† Subject to revision if it should be found that the rates prior to July 1st are not correctly stated for Port Elizabeth and (or) Durban.

(C.)

CORRESPONDENCE BETWEEN TRANSVAAL GOVERNMENT CROWN AGENTS AND MESSRS. BUCKNALL BROS. WITH REGARD TO THE EFFECT OF THE ALTERATIONS OF OCEAN FREIGHTS UPON THE RAILWAY *MODUS VIVENDI.*

(Copy.)

Messrs. J. and A. B. Freeland to Messrs. Bucknall Brothers.

26th June, 1907.

DEAR SIRS,

THE Crown Agents for the Colonies instruct us to inform you that they have received a telegram to the following effect from the Government of the Transvaal respecting alterations in the rates of freight which are to come into force on the 1st July:—

"24th June. 169. Reported new Shipping "Ring rates to South Africa are calculated to "have the result of increasing cost of rates on "most traffic to other ports than Durban by 5 per "cent., and also to have effect of diverting a large "amount of traffic both from Cape ports and "Delagoa Bay to Durban. This will have in-"jurious effect on revenue of Central South Afri-"can Railways, who has only 178 miles of line "from Durban, and also on revenue of Transvaal "Government, and, to a less degree, of the Orange "River Government. Please ascertain from "Conference Lines Committee whether this aspect "of question was considered, and why Transvaal "and Orange River Governments were not con-"sulted, and what action Conference Lines propose "to take in view of these considerations? Feeling "on subject in Transvaal is very strong; similar "telegram sent to Agent-General of Transvaal, "with whom please consult. We shall be glad if "you will take this matter into consideration, "and inform us what reply we are to make to the "Crown Agents for the Colonies?

Yours, &c.,
(Signed) J. & A. B. FREELAND.

(Copy.)

Messrs. Bucknall Brothers to Messrs. J and A. B. Freeland.

23, Leadenhall Street, E.C.,
3rd July, 1907.

DEAR SIRS,

WE beg to refer to your letter of the 26th ultimo, informing us of the contents of a telegram received by the Crown Agents from the Government of the Transvaal respecting alterations in rates of freight from the 1st July.

We have submitted your letter to the Conference Lines, and we have to say, in reply, that the circumstances bearing upon the freight alterations have been, as you may be aware, dealt with in correspondence between Sir Donald Currie and various parties, which has been printed, and a copy of which correspondence, we assume, is in the hands of the Crown Agents.

We beg to state there has not been any increase in the freight rates. The modification which has been

made in respect of the commission paid by the Lines is referred to in the correspondence.

The shipowners would regret if any injurious effect should result for the Central South African Railways, or for the Transvaal and Orange River Colony Governments from the alterations in question. It would, obviously, be inevitable that some differences would arise from the efforts of the Conference Lines to adjust the incidence of freight rates, as called for at the Colonial Conference, 18 months ago; but it has not been the practice for the Lines to consult with the Transvaal and Orange River Colony Governments in respect of ocean rates of freight otherwise than as may be involved in the negotiations between the Crown Agents and the Conference Lines for fixing up the freights' contracts which have existed from time to time, nor would it appear to be practicable for the Conference Lines to have regard for any particular railway system to the interior in connection with movements in the rates of ocean freight.

The Conference Lines do not see what further action they can take upon the telegram from the Transvaal Government, but we may mention that a suggestion has been made for a General Conference of all interests concerned at an early date, at which, presumably, the Transvaal and Orange River Governments would have an opportunity to be represented.

Yours, &c.,
(Signed) BUCKNALL BROTHERS.

APPENDIX XXVIII.

(*Received from Mr. R. Sothern Holland, Private Secretary to the Prime Minister of Cape Colony.*)

TABLE BAY HARBOUR BOARD.

STATEMENT MADE BY MR. A. WALSH, COMMISSIONER OF THE BOARD, ON THE 6TH SEPTEMBER, 1907.

There appears to be considerable misapprehension as to the reason for the recent addition of 2½ per cent. on the freight charged from the United Kingdom to this port, and although the Shipping Ring has stated that this is on account of the increase in Table Bay charges, there is no real foundation for that statement; but the fact of the additional charges having been made has been used by the Ring as an excuse, knowing well that the shippers must pay as there is no other means of obtaining their supplies. For the purpose of comparison, I have taken the steamers arriving from the United Kingdom with general cargo during the months of April, 1898, and April, 1907, showing the amounts they actually did pay and the rates under the amended tariff, and also showing the rate per ton paid by the ship and the rate per ton paid as wharfage on the goods. It will be seen that when the rates were altered in 1901 they were made much in favour of the mail steamers, and the recent alteration, in July, 1907, has had the effect of making the rates more equitable; though it must, I think, be admitted that the Union-Castle Line does not now pay its fair share, considering the advantage it derives from the huge sums of money spent in providing facilities for them at the port. It is true that the rate per ton of cargo landed from mail steamers is slightly higher than it was in 1898, but this is caused by the much larger capacity of the present steamers, a capacity which is not of any real advantage to shippers, but which has been provided more especially to give increased passenger accommodation; and, further, the freight rates by mail steamers are considerably higher than they are by other steamers.

Now, compare the gross tonnage of the Union-Castle steamers of April, 1898, and April, 1907, with the amounts paid on dock dues during the same periods, and note the enormous increase in tonnage and the minute increase paid in dock dues, remembering, at the same time, that it is the special facilities that have been provided at the port which enable these steamers to come in at so low a rate per ship's ton, compared with what the mail steamers paid in 1898. So far as I can ascertain, no complaint was made by the steamship companies about high charges in 1898, and no advantage was given to shippers when the alteration of the rate led to considerable saving on the freight carried to this port. As I have previously pointed out, during the war, when other lines were paying heavily owing to the block of work, the mail steamers were actually saving money, owing to the special facilities given to these boats; and it appears that the only facility that was given by the steamship owners was, that the mail steamer rates were practically increased by charging all goods at first-class rates. In 1894, in writing to the Premier of the Colony, the Director of the Union-Castle Steamship Company stated that the extra expense for their mail steamers in Cape Town was equal to a charge of 5*s.* per ton on the cargo brought to that port, and gave that as one of the reasons for the equalisation of Algoa Bay and Cape Town rates. As to whether that figure was at that date absolutely correct, I have very grave doubts, but, at any rate, four years afterwards, viz., in 1898, the dock dues on the mail steamers only worked out at a trifle over 2*s.* 3*d.* per ton on the goods landed at this port; and in 1907 the rate on the cargo then landed by mail steamers has been reduced to 17·62, a clear saving, according to the Mail Company's own statement, of 42·38 pence per ton; and in the face of that reduction, now that the Harbour Board have altered the style of levying their rates, the steamer freight has been increased by 2½ per cent. Now, the alteration of ships' dues has brought the rate per ton for mail steamers up to 29·3 pence, quite a shade over the rate that was being paid in 1898, but which additional charge, on the mail steamboats, when the intermediates are also taken into consideration, shows a very considerable total reduction per ton on what was being paid by the Union-Castle Line in 1898.

It has been said that no Shipping Ring exists, but, whether that is so or not, there is no doubt that there is a powerful combination which is detrimental to this port; and there can be no doubt that that combination is fed and kept alive on "Deferred Rebates," without which it would soon fizzle out, and such injustice as is now being done to this port would cease to exist.

In April, 1898, the mail steamers gross tonnage was 18,396 tons; in April, 1907, the gross tonnage was 49,687 tons; and the dock dues were, respectively, £299 6*s.* 6*d.* and £310 11*s.* 2*d.*—thus showing that the Company had the use of the docks for 31,291 tons, ships' measurement, for the small sum of £11 4*s.* 8*d.*

SCHEDULE.

APRIL, 1898.

	Union-Castle Mail Boats.	Union-Castle Intermediate.	Clan Line.	Bucknall Line.	Mitchell, Cotts & Co.
Gross tonnage	18,396	27,713	10,020	7,146	—
Actual dues paid	£299	£403	£172	£122	—
Tons of cargo landed	2,632	5,443	6,373	2,614	—
Dues per ton of cargo landed	27·3*d.*	17·7*d.*	6·5*d.*	11·1*d.*	—
Wharfage on cargo per ton	2*s.* 6*d.*	2*s.* 6*d.*	2*s.* 6*d.*	2*s.* 6*d.*	—

APRIL, 1907.

—	Union-Castle Mail Boats.	Union-Castle Intermediate.	Clan Line.	Bucknall Line.	Mitchell, Cotts & Co.
Gross tonnage	49,687	18,447	13,544	4,413	3,580
Actual dues paid	£311	£178	£243	£28	£83
Tons of cargo landed	4,229	4,420	3,360	800	1,050
Dues per ton of cargo landed	17·6*d.*	9·6*d.*	17·3*d.*	8·2*d.*	18·9*d.*
Wharfage on cargo per ton	51·8*d.*	33*d.*	21·6*d.*	32·8*d.*	23*d.*
NEW RATES—APRIL SHIPS.					
Ships' dues	£518	£253	£296	£46	£103
Dues per ton of cargo landed	29·3*d.*	13·7*d.*	21·1*d.*	13·8*d.*	23·4*d.*
RATE PER TON OF CARGO.					
Ships' dues :—	*d.*	*d.*	*d.*	*d.*	*d.*
April, 1898	27·3	17·7	6·5	11·1	—
April, 1907	17·6	9·6	17·3	8·2	18·9
July, 1907	29·3	13·7	21·1	13·8	—
Wharfage on goods :—					
April, 1898	30	30	30	30	—
April, 1907	51·8	33	21·6	32·8	23

APPENDIX XXIX.

(*Mr. T. R. Price.*)

(A.)

MEMORANDUM OF AGREEMENT COME TO AT MEETINGS HELD IN THE GENERAL MANAGER'S OFFICE ON MONDAY 15TH, THURSDAY 18TH, AND FRIDAY 19TH, JULY RELATIVE TO THE SHIPPING OF RAILWAY AND OTHER GOVERNMENT STORES FROM ENGLAND.

Monday, July 15th, 1907.

Present:—
Mr. T. R. Price, General Manager of Railways.
Hon. R. H. Brand, Secretary, inter-Colonial Council.
Mr. J. W. Honey, Director of Customs.
Mr. Harvey, South African Constabulary.
Mr. S. Barker, Acting Chief Railway Storekeeper.
Mr. Gettliffe, General Manager's Office.
Mr. Fulton, General Manager's Office.

Thursday, July 18th, 1907.

Present:—
Mr. T. R. Price, General Manager of Railways.
Mr. J. W. Honey, Director of Customs.
Mr. Cock, Chief Railway Storekeeper, C.G.R.
Mr. S. Barker, Acting Chief Railway Storekeeper.
Mr. Harvey, South African Constabulary.
Hon. R. H. Brand, Secretary, inter-Colonial Council.
Mr. R. W. Gettliffe, General Manager's Office.

Friday, July 19th, 1907.

Present:—
Mr. T. R. Price, General Manager of Railways.
Mr. Cock, Chief Railway Storekeeper, C.G.R.
Mr. Harvey, South African Constabulary.
Mr. Barker, Acting Chief Railway Storekeeper.
Mr. Northcroft, Director, Public Works Dept., O.R.C.
Mr. Gettliffe, General Manager's Office.

Mr. Price explained that they had met for the purpose of discussing the new shipping arrangements which came into force on the 1st July. The Administration had found itself called upon to consider the question, and the Cape felt very strongly on the matter. As the concession had been withdrawn, and the money involved in transport was considerable, they must seriously consider whether they could not secure their requirements through the channel of outside steamers.

Mr. McEwen, the General Manager of the Cape Government Railways, had telegraphed asking whether the Central South African Railways would join them either in chartering full steamers or employing outside steamers in competition with the mail steamers.

Mr. Price said he had discussed the matter with Mr. Hull, Chairman of the Railway Committee and Treasurer of the Transvaal, and whilst that gentleman considered we should proceed with prudence at the outset, yet he regarded it as the obvious duty of the Administration if they could do so to secure cheaper freight than that offered by the mail steamers wherever possible.

Having considered the rates of freight obtaining prior to July 1st, 1907, and having ascertained that the freights from July 1st onwards are those advertised as applicable to the general public, and that the same conditions would apply in obtaining a rebate of 5 per cent. on the advertised freights (and primage) the representatives of the several interests present were unanimous in deciding to recommend to their respective Administrations as follows:—

(1) That the increase in freights to be charged calls for every endeavour being used to obtain freights from sources other than the Conference Lines wherever it was possible to do so at lower rates, and it was confidently believed that freight could be obtained at much lower rates, especially in case of full steamer (or where circumstances warranted them employing sailing vessel) cargoes.

(2) That the saving so effected would greatly exceed the 5 per cent. rebate granted by the Conference Lines while at the same time securing freedom from the onerous conditions imposed. The Administrations would of course avail themselves of the opportunity of shipping by the Conference Lines at the ordinary rates in cases where it was to the public interest to do so.

(3) The information submitted to the meeting pointed to the probability of there being sufficient

cargo from Great Britain for all the interests represented (including the Orange River Colony) to ensure at least twelve shipments per annum of 4,000 tons each. Concerted action to that end is therefore advised, and arrangements made so that as far as possible the intervals between the dispatch of the sailings shall be about a month.

(4) That the Cape Government be asked to take steps to have the cargoes of Harbour Boards of Cape Town, Port Elizabeth, East London, and if deemed advisable, other Cape Colony ports included in the arrangement.

(5) That either shipping brokers or some other firm, as may be mutually arranged by the Cape and Transvaal Agents-General in consultation with the Crown Agents, be employed to secure freight in the joint interests of the group, and that the expenses incurred be borne in such manner as the Cape and Transvaal Agents-General may decide as equitable to each party to the arrangement. It was reported that the present agency charge was 6*d.* per ton, and it was considered that there would be no objection from a South African point of view to a continuance thereof, provided suitable shipments at low rates of freight be secured.

(6) That at the outset it will be preferable to charter vessels as joint cargo becomes available sufficient to fill same, until such time as experience has shown the advisability of settled shipping arrangements for a definite period.

When that time comes the members present favour the adoption of such a course.

(7) To ensure uniformity of practice and identity of interest, the negotiations with shipping brokers and chartering of vessels should be conducted through one channel. The Cape Agent-General is regarded as the most suitable for the purpose, it being understood that he will act in concert and in constant consultation with the Transvaal Agent-General and the Crown Agents (as long as the latter are so acting) as representing the other members of the group.

The vessels to be consigned and the bills of lading to be forwarded to the Cape Chief Railway Storekeeper, Cape Town, for all cargo shipped to Cape Ports and to the British Consul-General, Lourenco Marques for goods shipped to that port.

The Cape Chief Railway Storekeeper will undertake the clearance, advising, and forwarding and all necessary port service for the members of the group for the same charge as is made at present for like services to the Central South African Railways, viz., one-eighth per cent. on value of goods as loaded in the trucks.

The Consul-General, Lourenco Marques, will act similarly in the case of goods consigned to that port, on terms to be arranged with the Central South African Railways.

(8) That the offer of the Cape to perform the agency work of the members of the group on the same terms as it now does like work for the Central South African Railways be accepted, and that the arrangement suggested at Lourenco Marques be adopted likewise.

(9) That in the apportionment of the freight charges between the several descriptions of cargo shipped, the same be determined by mutual agreement between the Cape and Transvaal Agents-General it being understood that if it can be arranged conveniently and without material expense, it will be an advantage in South Africa to follow more or less the existing classification of the Conference Lines, including the special rates for rails and other articles specified, as well as the practice followed in the case of cement.

(10) The instructions as given on indents of each member of the group to be followed in respect of marine insurance or other special instructions.

(11) In the event of the cargo offering being in excess of the space available in a steamer, the precedence of order in shipping and a decision as to whether the balance shall be held over until the next steamer is chartered, or otherwise how the whole or any portion of such surplus cargo shall be shipped, shall be a matter of mutual arrangement between the Cape and Transvaal Agents-General in consultation with the South African Representatives of the group. For the purposes of such consultation all such communications shall be exchanged with the Chief Railway Storekeeper, Cape Town. The Chief Railway Storekeeper, Cape Town, will communicate to, or obtain from other members of the group in the Transvaal and Orange River Colony information through the Chief Railway Storekeeper, Germiston. The latter officer will keep himself in communication and consultation with the other members of the group in the Transvaal and Orange River Colony. The communications with the Orange River Colony Government will be made through the Railway Storekeeper, Bloemfontein. The intention is to insure free exchange of information and strictly uniform treatment to all parties in shipment. Further, the members of the group shall each help the others wherever possible to tide over any difficulty caused by temporary shortage of any requirements on order, pending arrival, either by sale at cost price or on loan to be replaced as may be mutually agreed from time to time.

(12) Such firms and corporations or other members of the public as desire to do so, may be allowed to ship cargo by the steamers engaged if there is available space on terms to be approved by the Agents-General. The Cape representative stated that if there was not sufficient cargo to fill a steamer chartered, and the necessity therefor arose, the Cape would be prepared to consider the advisability of completing the shipment with coal for the Cape Government Railways.

(13) In chartering, a uniform rate for Cape Town, Port Elizabeth, or East London to be allowed, with a specified addition thereto per ton for cargo shipped to Delagoa Bay in case of sufficient offering for transport to that port. The charterers to notify on all occasions when negotiating charters that steam coal of good quality for steamer and like purposes is obtainable at moderate prices at Delagoa Bay.

(14) The Central South African Railways undertakes that in the case its importations by special charter vessels under this agreement, required for of use in the Transvaal at Pretoria, Germiston or west thereof, it will import viâ Cape ports if the Cape Government Railways undertake to deliver same at the Central South African Railways border at 14*s.* 5*d.* per ton of 2,000 lbs., or alternatively ship to Lourenco Marques whichever the Cape may regard as in its interests. The same arrangement to apply in the case of other cargo for the Transvaal Government, excepting that the payment will be at the rate of 16*s.* instead of 14*s.* 5*d.* per ton.

(15) In the case of purchases made in South Africa for goods bought f.o.b. at the British port of shipment agreed to, such goods to have the right of being shipped by steamers chartered, at the same rate as other similar cargoes. The same rate to apply to cargoes shipped to replace (to the same extent and the same description, maker, and quality, but not otherwise) supplied to a member of the group from a merchant's stock pending arrival of shipment.

(16) It shall be left to the Agents-General to determine which ports in Great Britain the goods indented for shall be ordered for shipment, and make such other arrangements connected therewith as are necessary.

(17) It shall be ascertained when chartering a steamer, at what rate of freight the return cargo will be carried and the minimum quantity that the steamer will accept to return with after discharge of outwards cargo. The purpose of the enquiry is that, as there is still a quantity of railway scrap material unsold which would be available for shipment at very low rates, and as the grain season has been very favourable it is likely there will be a very considerable quantity of mealies for export if shipping rate is very low. If shipping rate is likely to attract business the Cape Government Railways and Central South African Railways would undertake to let same be widely known. It is recommended the rate should not be more than 8*s.* per ton from either of the Cape ports, and if possible less.

(18) The arrangement come to is to be understood to apply to cargo from Great Britain imported by:—

1. All branches and departments of the Cape Government.
2. All branches and departments of the Orange River Colony.
3. All branches and departments of the Transvaal.
4. All branches and departments of the South African Constabulary, Transvaal, and Orange River Colony.
5. All branches and departments of the Cape Government Railways.
6. All branches and departments of the Central South African Railways.
7. Such of the Harbour Boards of the Cape Colony as the Cape Government notify to the group.

19. The arrangement now set forth with such modifications thereof as may be agreed upon from time to time shall be for such period as may be mutually agreed, but it is to be understood that no member of the group may withdraw therefrom without such previous notice as will prevent disturbance, or loss to other members, resulting from steamers which can be shown to have been chartered, or agreements which have been entered into by the Cape and Transvaal Agents-General in consultation upon the understanding that the member of the group desirous of withdrawing continues to be a party to the agreement for the period of such shipment or agreement.

T. R. PRICE.
CHAS. COCK.
F. G. HARVEY.
S. BARKER.
R. H. BRAND.
G. A. NORTHCROFT.
J. W. HONEY.

Office of the General Manager of Railways,
Johannesburg, July 19th, 1907.

(B.)

MEMORANDUM BY GENERAL MANAGER OF THE CENTRAL SOUTH AFRICAN RAILWAYS, SUBMITTING CORRESPONDENCE WITH REGARD TO THE SHIPMENT OF GOVERNMENT STORES FROM ENGLAND BY CHARTERED VESSELS OR BY THE CONFERENCE LINES.

Referring to what is stated in answer to Questions 2 and 4 in the Memorandum of Evidence, already submitted to the Commission, as to the practicability of the Government to make arrangements for the shipping of their goods by chartering steamers in the open market. As soon as the Conference Lines notified the discontinuance as from 30th June, 1907, of the freight charges set forth in the answer to Question 2, subsection (*e*), and that in future the Government Departments would be placed in the same position as ordinary shippers, a meeting was convened of representatives of the Transvaal, Orange River Colony, and Cape Governments, and the Inter-Colonial Council; the last-named comprising the South African Constabulary and the Central South African Railways; to consider the possibility of taking combined action to charter steamers in the open market for the conveyance of their freight, and as an outcome thereof, enquiries were instituted and negotiations entered into which resulted in a charter being offered of £1 2*s.* 6*d.* per ton, dead weight, on all cargo, loading three and discharging three ports. Copies of communications which passed on the subject are attached hereto, from which it will be observed that, on learning enquiries were being made in the open market for a charter, the Conference Lines spontaneously approached the Agent-General for Cape Colony (by whom the enquiries were made) offering to renew the old contract terms to 31st March, 1908, with retrospective effect as from the 1st July last, which, as will be seen from the annexures hereto, has been agreed to.

These terms include a rate of 16*s.* per ton for rails for full shiploads, whereas in the terms recently secured by Natal for a period of two years, the rate of 17*s.* 6*d.* per ton obtains for the same article.

(Telegram.)

From Treasurer, Inter-Colonial Council, to Crown Agents, London.

18th July, 1907. No. 169 A. With reference to your telegram of 15th July *re* 1,600 tons material. Arrangements in progress with Cape for joint shipping of Central South African Railways, Cape, Orange River Colony, and Transvaal Government cargo, and if steamer for full cargo can be chartered on favourable terms the consignment material and any other cargo ready for Central South African Railways, Orange River Colony, and Transvaal can form part of shipment.

Kindly communicate with Cape and Transvaal Agents-General and act in concert with them.

Stop shipping by Conference Lines in the meantime for two or three weeks, and reserve our shipments for vessel to be chartered by Cape Agent, if negotiations successful.

(Cablegram.)

From Prime Minister, Cape Town, to Agent-General, London.

19th July, 1907. With reference to my cable of 12th July, have arranged with Transvaal to make joint shipments of all Government and railway supplies to East London. The Crown Agents for the Colonies advised suspend all shipments and confer with you regarding current shipments and special shipment 1,600 tons rails, now ready. As quantity now to be shipped approximates shipload, take necessary action and charter outside Combine.

(Telegram.)

From Premier, Cape, to Agent-General, London.

23rd July, 1907. With reference to my cable of Friday last, copy agreement arranged with Transvaal, Orange River Colony, is leaving by this week's mail. Main points, Cape conduct all negotiations, chartering shipping in concert Crown Agents for the Colonies and Solomon. You to act in Freeland's capacity so far as other Administrations concerned. Ship all material offered for Transvaal, Orange River Colony to East London, handing documents to respective Agents, who should forward complete papers to Chief Railway Storekeeper, Cape Town, as now done by Crown Agents for the Colonies. You to furnish freight accounts and bills lading. Your agency to charge on freight note, 6*d.* per ton. Consign shipments, Chief Railway Storekeeper. Apportion freight according Conference classification, modified as necessary, rate to be uniform for Cape Town, Port Elizabeth, East London. Am advised further tonnage other Governments now ready, immediate action imperative.

(Telegram.)

From Treasurer, Inter-Colonial Council, to Transvaal Agent-General, London.

26th July, 1907. No. 169. *Re* shipment of Government stores. Concerted action on part of Cape, Orange River Colony, and Transvaal Governments, Inter-Colonial Council, and Cape Railways has been decided by combining imports so as to secure lower freights than Conference Lines now offer. The arrangements are to be made in consultation with Cape Agent-General, Crown Agents, and yourself in same manner, as united action is taking place in South Africa. Cape Agent-General has been communicated with fully. Please get into touch with him and arrange shipment at low freight for our cargo now waiting. See cable of 23rd July of Cape Premier to Agent-General. Wire when first shipment expected to take place, and rates obtainable.

(Telegram.)

From Agent-General, Cape, to Prime Minister, Cape Town.

August 8th, 1907. Best charter, loading three discharging three ports, obtainable is £1 2*s.* 6*d.*, dead weight, on total cargo now ready.

* * * * * * * *

Conference Lines, learning our enquiries, approached me to-day spontaneously offer renew late contract to end March next, or from six months for 1st September, in both cases with retrospective effect as from 1st July. Other terms, as per Currie's letter 5th June, enclosed my letter, Commissioner Public Works, 7th June. Do you authorise treat with them on this basis. May be able arrange rail questions at homeward fruit freight, to which Chiappini attaches greatest importance.

(Telegram.)

From Treasurer to Agent-General.

August 13th. No. 10. My telegram No. 8 of 10th instant. Cape have suggested, and we have agreed that before any final action is taken, you and Cape Agent-General should consult with Sinclair as to best course to adopt. Owing to difference between measurement and dead weight it is difficult to decide here whether

Conference Lines offer is better than terms that could be obtained by charter. Will you consult Sinclair and report as soon as possible?

Please also consult Sinclair as to landing charges at Delagoa Bay, mentioned in my telegram of 10th August. He is familiar with subject, and we wish to have his recommendation as to course to adopt, all the circumstances being considered.

(Telegram.)

From Premier, Cape Town, to Premier, Pretoria.

August 17th. Following cable received to-day from Agent-General, London:—Begins: Conference Lines will agree extend old contract from July 1st to end of year on old terms, rate and conditions, this includes rails, 16*s.*, full cargoes, and will grant Transvaal, Orange River Colony, and Cape Colony equivalent rates to those granted Natal for certain specified South African produce, and also reduce rates on outward voyage for fertilisers; mail company promise grant extended facilities, conveyance of fruit at as low rate as possible; advise Transvaal; they decline depart from terms of last contract which quoted for goods landed at Delagoa Bay, they contend that addition to freight on account landing charges amount to 4*s.* only and not 6*s.* 6*d.*—Stop.

* * * * * * * *

(Copy.)

(Cablegram.)

From Cape Agent-General to Premier, Cape Town.

Dated 23rd August, 1907. Conference Lines agree renewal contract until 31st March, 1908, in terms my cable 16th August.

(Telegram.)

From Prime Minister to Prime Minister, Cape Town.

20th August. No. 93. Your telegram 17th August. Under the circumstances we agree to offer of Conference Lines being accepted, but on consideration we think arrangement should, if possible, apply to end of March instead of end of year. If it is only to end of year, in four months time it will be necessary to go into whole matter again. In addition, we consider it advisable to have time to make further enquiry between now and March next, and we suggest that concerted action to this end should be begun as soon as possible. As to Delagoa Bay landing charges, we do not understand Conference Lines stating charge being only 4*s.* and not 6*s.* 6*d.* per ton. We are requesting that our Agent-General to inform Conference Lines that we are disappointed with their reply in this matter, that we consider the charges made unreasonable, and that we must press for relief. We have telegraphed to our Agent-General to the above effect.

Mr. W. Sinclair, of the Transvaal Agent-General's Office, to the Acting Chief Railway Storekeeper, Central South African Railways.

August 30th, 1907.

I enclose herewith copy of a letter I have written to Mr. Cock, on the subject of the suggested chartering of steamers for the stores for the combined Governments of the Cape, Orange River Colony, and Transvaal.

As you are aware, the arrangement with the Conference Lines has now been extended to the end of March, 1908.

I think in Mr. Cock's letter I have dealt with all the points which I think should be considered in connection with this matter, and you know I hold no brief for the Conference Lines.

With reference to our particular grievance about the Delagoa Bay landing, I am sorry we have not been able to move the Conference Lines, although the point I made at the meeting was that the basis rate to all South African ports was 20*s.* per ton plus 2*s.* 6*d.*, added at East London, and 6*s.* 6*d.* at Delagoa Bay to cover cost of landing and sorting at these ports.

At the first meeting we had the representatives of the Conference Lines maintained that they never added 6*s.* 6*d.* but 4*s.* for landing, and that it only cost them 4*s.* per ton, but at the second meeting we had, they admitted they had made a mistake, and had added 7*s.* 6*d.* in the first instance and, subsequently, reduced the same to 6*s.* 6*d.*

They then stated they could not under any circumstances make any alterations during the existing agreement, but if I could convince them that the cost of landing at Delagoa Bay was less than they paid, probably, in any future arrangement they would make a reduction.

Mr. W. Sinclair to Mr. Cock, Chief Railway Storekeeper, Cape Government Railways.

August 30th, 1907.

I duly received your letter, No. F. 447/233, of 25th July, and its enclosures, and have delayed a reply thereto because as you know the question whether the combined Cape, Orange River Colony, and Transvaal Governments should charter vessels to carry their stores or whether the arrangement in force up to the end of June last should be continued, has been in abeyance. It is now decided to continue the agreement with the Conference Lines for a further period of six months to March, 1908.

The Conference Lines have climbed down to a certain extent from the attitude they took up when they made the arrangement with Natal, because the Cape, Orange River Colony, and Transvaal Governments have a better arrangement than Natal, in that the period is only six months instead of two years, and I think it certain to be continued if the combined Governments wish it at the end of the six months.

APPENDIX XXX.

(*Mr. T. R. Price.*)

CENTRAL SOUTH AFRICAN RAILWAYS.

STATEMENT GIVING THE TOTAL VALUE OF IMPORTS FROM OVERSEA TO SOUTH AFRICA SHOWING SEPARATELY FOR THE TRANSVAAL, ORANGE RIVER COLONY AND RHODESIA THE VALUE OF OVERSEA IMPORTS AND THE VALUE OF SOUTH AFRICAN PRODUCTS IMPORTED FROM OTHER COLONIES DURING THE YEAR, 1906.

Total Imports to South Africa.	Nature of Imports.	Total Imports to Transvaal and Orange River Colony.						Total Imports to Rhodesia.	
		Transvaal.		Orange River Colony.		Together.		Southern.	North-Western.
		—	Per cent. of total (South Africa).	—	Per cent. of total (South Africa).	—	Per cent. of total (South Africa).	—	—
£	Oversea Traffic.—	£		£		£		£	£
29,859,672	(1) General Merchandise ...	12,422,275	41·6	2,387,674	7·99	14,809,949	49·6	1,052,485	166,510
1,754,640	(2) Government Stores ...	734,287	42·0	101,458	5·79	835,745*	47·8	13,464	2,637
31,614,312	Total Oversea Traffic ...	13,156,562	41·7	2,489,132	7·88	15,645,694	49·6	1,065,949	169,147
	South African Products Imported from other Colonies.	3,138,952	—	1,202,833	—	4,341,785	—	175,747	11,743
	Grand Total	16,295,514	—	3,691,965	—	19,987,479	—	1,241,696	180,890

* NOTE.—Percentage to Total oversea Imports to Transvaal and Orange River Colony, 5·33. As the Central South African Railway Administration comprises the Railways in the Transvaal and Orange River Colony, it is necessary, so far as Government Stores are concerned, to combine the Transvaal and Orange River imports as the stores and materials imported by the Administration are used in either Colony as circumstances may require.

General Manager's Office,
Johannesburg, 25th September, 1907.

APPENDIX XXXI.

(*Mr. Salmon.*)

STATEMENT SHOWING TOTAL TONNAGE AND PERCENTAGES OF SEABORNE TRAFFIC FORWARDED FROM CAPE PORTS, POINT AND DURBAN, AND DELAGOA BAY TO ALL STATIONS IN THE TRANSVAAL AND ORANGE RIVER COLONY.

TO TRANSVAAL.

—	Tonnages.						Percentages.		
	Cape Town.	Port Elizabeth.	East London.	Cape Ports.	Durban Point.	Delagoa Bay.	Cape Ports.	Natal.	Delagoa Bay.
1904	8,517	35,955	44,220	88,692	217,662	236,714	16·33	40·08	43·59
1905	8,469	37,246	35,082	80,797	248,166	347,870	11·94	36·66	51·40
1906	7,272	34,661	31,130	73,063	179,661	298,612	13·25	32·59	54·16
TO ALL STATIONS IN ORANGE RIVER COLONY.									
1906	1,955	28,764	36,584	67,303	24,651	84	73·13	26·78	0·09

APPENDIX XXXII.

(*Mr. Salmon.*)

(A.)

STATEMENT SHOWING THE TOTAL VALUE OF IMPORTS INTO NATAL DURING EACH OF THE TWENTY YEARS 1887–1906, DISTINGUISHING GOVERNMENT STORES FROM GENERAL MERCHANDISE.

Year.	Total Value of Imports by Sea, including Government Stores.	Natal Government Stores.	Proportion of Total Imports. (Natal Stores only.)
	£	£	
1887 ...	2,263,920	45,559	
1888 ...	2,890,468	105,273	
1889 ...	4,527,015	288,726	
1890 ...	4,417,085	544,154	12·3 per cent.
1891 ...	3,535,831	291,817	
1892 ...	3,165,249	159,436	
1893 ...	2,236,738	49,238	
1894 ...	2,316,596	60,333	
1895 ...	2,469,303	87,068	
1896 ...	5,437,862	295,243	
1897 ...	5,983,589	456,422	
1898 ...	5,326,274	305,734	
1899 ...	5,359,259	457,981	
1900 ...	5,911,518	552,958	
1901 ...	9,555,750	828,127	
1902 ...	13,317,445	1,201,167	9·0 per cent.
1903 ...	15,065,454	858,672	
1904 ...	10,673,943	875,793	
1905 ...	10,396,779	500,310	
1906 ...	9,702,282	485,518	

(B.)

(*Mr. Salmon.*)

STATEMENT SHOWING PERCENTAGES OF GOVERNMENT TRAFFIC TO TOTAL TRAFFIC LANDED IN NATAL.

	Per cent.
Percentage of tonnage imported by Government, 12 months ended June 30th, 1907, to total tonnage landed in Natal, 1906 ...	5·01
Percentage of tonnage imported by Government, 12 months ended June 30th, 1907, to total tonnage landed in Natal, 1906, less tonnage re-forwarded to interior Colonies	8·41
Percentage of value of traffic imported by Natal Government, 12 months ended June 30th, 1907, to total value of goods (excluding specie) landed at Port Natal	3·22
Percentage of value of traffic imported by Natal Government, 12 months ended June 30th, 1907, to total value of goods (excluding specie) landed at Port Natal, less value of goods re-forwarded to interior Colonies ...	8·67
Percentage of value of traffic imported by Natal Government, 12 months ended June 30th, 1907, plus value of goods (excluding coal) purchased locally, to total value of goods (excluding specie) landed at Port Natal	4·10
Percentage of value of traffic imported by Natal Government, 12 months ended June 30th, 1907, plus value of goods (excluding coal) purchased locally, to total value of goods (excluding specie) landed at Port Natal, less value of goods re-forwarded to interior Colonies	11·04

(C.)

(*Mr. Northcroft.*)

STATEMENT SHOWING TOTAL IMPORTS OF MERCHANDISE INTO THE ORANGE RIVER COLONY FOR YEAR ENDED 31ST DECEMBER, 1906

Total Imports, exclusive of Government	£3,503,873
Government Imports	100,207
Specie	168,538
Grand Total	£3,772,618

APPENDIX XXXIII.

(*Mr. Garlick.*)

ESTIMATE OF NET FREIGHT PAID ON EXPORTS OF SOUTH AFRICAN GOVERNMENT, 1906

——	—	—	Value.	Rate of Freight.	—	Net Freight.
			£	s. d.		£ s. d.
Aloes	lbs.	536,691	3,989	25 0		300 0 0
Argol	„	111,922	1,942	25 0		62 10 0
Asbestos	„	1,420,998	10,035	15 0		475 15 0
Bark in bags	„	33,215,466	89,374	25 0		18,535 8 4
Bucka leaves	„	290,106	7,769	⅜d. per lb.		453 5 10
Copper	tons.	24,882	575,757	15 0		18,661 10 0
Ostrich feathers	lbs.	547,709	1,406,159	1 per cent.	Rebate 10 per cent.	12,655 8 7
Flowers, grasses	„	185,215	13,616	30 0		1,389 0 0
Fresh fruit	tons.	1,416½	18,165	60 0 25 0	Cold storage Other.	4,249 10 0
Dried fruit	lbs.	17,967	377	30 0		12 0 0
Gold, native	ozs.	6,990,769	25,644,493	⅜ per cent.	Rebate 33⅓ per cent.	64,111 5 0
Mohair	lbs.	15,726,076	850,123	⅜d. per lb.		24,571 19 10
Hides and skins	„	24,492,943	774,247	⅜d. per lb.		38,270 4 5
Ivory	„	2,665	898	1 per cent.		8 19 7
Manures	„	4,000	6	20 0		2 0 0
Chrome	tons.	1,854	3,954	25 0		2,317 10 0
Zinc	„	8,963	80,768	15 0		6,722 5 0
Manganese	cwts.	3,196	377	12 6		100 0 0
Tin	„	6,770	36,162	10 0		253 17 6
Wool	lbs.	88,790,189	2,711,035	3 8		138,734 13 5
						£331,887 2 6

With reference to questions 5915 and 5916. The above is a net estimate after allowing for rebates, and including all wool at the ⅜ of a 1*d.* rate. Scoured and Fleece washed rates is ⅝*d.*, but is not now an important factor against the Greece wool.

J. GARLICK.

Cape Town,
October 4th, 1907.

APPENDIX XXXIV.

(*Mr. T. R. Price.*)

COPY OF ORIGINAL FREIGHT CONTRACT BETWEEN THE CROWN AGENTS AND THE CONFERENCE LINES, DATED 17TH FEBRUARY, 1904.

London,
February 17th, 1904.

MEMORANDUM of Freight Contract made this day between Messrs. J. & A. B. Freeland for account of the Crown Agents for the Colonies, hereinafter called the "Shippers" and the South African Conference Steam Lines, signatories thereof, hereinafter called the "Contractors."

1. The Contractors undertake to provide tonnage for the conveyance of 2,500 tons rails and accessories, 63 locomotives, 82 railway carriages, and about 5,000/10,000 tons of other cargo, the whole of which is expected to be ready for shipment by the end of September next, and, in addition, for 25,000 to 30,000 tons of rails and accessories from Middlesborough, as set out in Clause 10 hereof.

2. The ports to which the cargo is to be carried are Cape Town, Algoa Bay, East London, Port Natal, or Delagoa Bay, as may be declared by the shippers on their giving notice of shipment required.

3. The above parcel of 2,500 tons rails and accessories shall be conveyed from Maryport, Harrington, or Workington by the Contractors at the order of the Shippers, with liberty to the Shippers to make shipment of the accessories from the berth ports. The remainder of the above cargo (other than the rails and accessories from Middlesborough) shall be conveyed from London, Glasgow, Liverpool (or Birkenhead) as may be arranged by the Crown Agents, the cargo being tendered to the steamer of the Contractors at their respective loading berths.

3*a*. The Shippers to have the opportunity of shipping any goods from any Continental or United Kingdom berth ports at which the ships of the Conference Lines may be loading berth cargo.

4. The rates to be as follows:—

For Cape Town and Algoa Bay (delivered as customary) for the 2,500 tons of rails and accessories—18*s.* 6*d.* per ton.

For locomotive and railway carriages and parts of them, bridgework, buildings (stations, workshops, hutwork, and sheds), bricks, baths, castings, cotton waste, cranes (steam and electric), cement.

Galvanised iron, glass (except plate), hardware, horseshoes, iron and steel, lamps, lime in casks, nails and screws, machinery and machine tools, pipes (wrought and cast iron), earthenware, pipes, railway signals, railway tyres, stoves, switches and crossings, spades and shovels, tankwork, tools, telegraph and electric light poles and material, steel wire, wheelbarrows, wheels and axles—20*s.* per ton.

For East London.—2*s.* 6*d.* per ton to be added, to include the cost of landing, lighterage, and sorting.

For Natal.—4*s.* per ton to be added, to include the cost of landing, lighterage, and sorting.

For Delagoa Bay.—7*s.* 6*d.* per ton to be added, to include the cost of landing, lighterage, and sorting.

5. Goods not enumerated above are to go at the ordinary tariff rates of the Contractors at the time of shipment, subject to the following allowances:—

On Classes 1, 2, 3, and 4, 20 per cent. rebate to be allowed for all ports, with the exception of Classes 3 and 4, Cape Town and Algoa Bay, for which ports on Classes 3 and 4 only 10 per cent. to be allowed.

With respect to the aforesaid allowances off tariff rates, as applied to Delagoa Bay, the landing, lighterage, and sorting rate of 7*s.* 6*d.* per ton is to be deducted from the inclusive tariff freight before the percentage of 20 per cent. is taken off, and to be again added after the percentage is taken off, as per following illustration:—

——	Class.			
	1.	2.	3.	4.
	s. d.	s. d.	s. d.	s. d.
Present Tariff... ...	55 0	42 6	35 0	32 6
Less	7 6	7 6	7 6	7 6
	47 6	35 0	27 6	25 0
20 per cent. off ...	9 6	7 0	5 6	5 0
	38 0	28 0	22 0	20 0
Add	7 6	7 6	7 6	7 6
Net Rates	45 6	35 6	29 6	27 6

All rates (with exception of Classes 1, 2, 3, and 4, which are subject to the allowances aforesaid) to be net rates. Goods charged at special rates below 4th class will not be subject to any allowance.

6. *Heavy Lifts.*—The foregoing rates apply only to pieces that do not exceed 3 tons in weight:—For pieces over 3 tons in weight an extra rate of 2*s.* 6*d.* for every additional ton or part of a ton to be charged. This additional rate shall cover the cost of cranage at Cape Town (if any) and also the cost of lighterage and landing charges at East London and Natal, but with respect to Delagoa Bay, where the lighterage and landing charges are so heavy, additional rates to apply, as per separate scale attached.

No piece exceeding 10 tons in weight to be sent to Delagoa Bay; for Algoa Bay it is preferred to limit the weight of lifts to 10 tons, but, subject to arrangement, the lines would endeavour to meet the wishes of shippers up to 15 tons weight.

7. Should there be any pieces or packages of abnormal length, such as logs or girders, not contemplated in the present contract, beyond those contained in the approximate specifications, the rate of freight on same to be mutually arranged.

8. *Freight.*—Freight, computed at per ton weight or measurement at Contractors' option, as usual, but the freight on wire, switches and crossings, fencing, curved rails and curved plates, cast-iron pipes of 6 inches internal diameter, telegraph poles, bases without base plates fixed, to be charged per ton weight only. Coke shall be charged at per ton weight, but the freight thereon shall be at double the contract rate. Earthenware pipes may be nested and freight paid on such measurement tonnage.

Wheels and axles shall be at weight, or at measurement less one-third, at Contractors' option.

Rails not to exceed 40 feet in length.

All rates are without primage and without rebate.

Should pipes, columns, or other goods be shipped where there is a considerable saving of space occupied when the stacked measurement is taken, as compared with the single measurement, a mutual arrangement between Shippers and Contractors as to taking such stacked measurement is to be made.

9. The freight on the shipments made by the Crown Agents since the termination of the last contract, which shipments will form part of the above cargo, described in Clause 1, is to be at the rates quoted herein, and any freight notes which have been rendered at other rates are to be corrected accordingly.

10. This contract shall include the conveyance of about 25/30,000 tons of rails from Middlesborough, as mentioned in Clause 1, on the following conditions:—

For Cape Town and Algoa Bay:—

If tendered in lots of not less than 4,000 tons for shipment in 1 bottom—16*s.* per ton.

For East London, Natal, Delagoa Bay:—

The same additions to the rate of 16*s.*, that is to say, for lighterage, landing, and sorting, as set out in Clause 4 hereof.

Should the Shippers elect to ship in parcels of not less than 4,000 tons, and the accessories (fishplates, fittings, &c.) not be available to be shipped with the rails, they are to be carried at the same rate, but in such case they are to be delivered to the steamers at their ordinary berth ports.

If the said 25,000 tons rails be tendered by the Shippers in parcels of under 4,000 tons, then the rate to be 18*s.* 6*d.* per ton for Cape Town and Algoa Bay, with additions as above (under Clause 4) in respect of East London, Natal, and Delagoa Bay.

Should the Shippers decide to ship the parcels of not less than 4,000 tons, such cargoes must be for one port of discharge, and the Contractors agree to accept the risk of demurrage in discharging if shipped to Cape Town, Algoa Bay, East London, or Natal; but if the Shippers require to send full cargoes to Delagoa Bay, they will agree with the Contractors for a rate of discharge as customary with chartered steamers.

(It must not be implied that the Contractors, in accepting the risk of discharge at the Cape ports and Natal for this parcel of rails, are establishing a precedent for further shipments. The risk of demurrage with large parcels of rails must always be a matter of arrangement between Shippers and Contractors.)

As the Shippers cannot declare immediately whether they can ship these rails, they are to have the option of cancelling this portion of the contract within a month from this date.

11. The value clause (limiting the value of any single package) on the Conference Lines' bills of lading to be deleted or a letter given that it will not be made applicable.

12. The Contractors undertake to give the Agents-General for the Cape of Good Hope and Natal, if the Agents-General so wish, contracts on the same terms and conditions as this for all the cargo they may have till the end of May, or at their option for a quantity to be mutually agreed upon, but if the Contractors give either of them at the present time better terms or conditions than the terms and conditions of this contract, the same to apply to this contract. It is understood that the Agents-General are to give prompt reply to this offer.

The Contractors agree to give the option to the Agents-General to extend the period beyond 31st May (as herein expressed) for a further period of six months, which option is to be declared on or before 25th March next.

13. In the event of Great Britain becoming involved in war, this contract may be suspended by either party.

14. During the continuance of this contract the Shippers undertake that if they have any further cargo not contemplated in the present contract, they will give the Contractors the opportunity of tendering for the conveyance of same.

15. It is understood that tonnage for the conveyance of the cargo will in all cases be provided within 21 days of notice being given of the Shippers' requirements.

16. This contract does not apply to conveyance by mail steamers.

Signed by Authority of and on behalf of the Conference Lines of Steamers, as follows:—

Union-Castle Mail Steamship Co., Ltd.
The Clan Line Steamers, Ltd.
The Bucknall Steamship Lines, Ltd.
Bullard, King & Co.
John T. Rennie, Son & Co.
The Ellerman-Harrison Line (Joint Service).
R. P. Houston & Co.

(Signed)

EDWARD LLOYD.
JOHN BYRON.
J. & A. B. FREELAND.

MEMORANDUM of scale of additional rates to apply at Delagoa Bay in respect of pieces or packages exceeding 3 tons in weight, as referred to in Clause 6.

It is agreed that in addition to the freight specified and the item of 7*s.* 6*d.* (now 6*s.* 6*d.*) per ton to cover landing, lighterage, and sorting, as per Clause 4, and the extra rate of 2*s.* 6*d.* per ton to be paid for every additional ton or part of a ton upon pieces of over 3 tons in weight, the Contractors shall charge the following additional rates:—

For pieces—

3 to 4	tons,	3*s.*	per ton	extra	to be paid.
4 ,, 5	,,	4*s.*	,,	,,	,,
5 ,, 6	,,	6*s.*	,,	,,	,,
6 ,, 8	,,	8*s.*	,,	,,	,,
8 ,, 10	,,	10*s.*	,,	,,	,,

The above charges are to be paid per ton of 40 cubic feet or 20 cwt. at Contractors' option.

Should the Portuguese Authorities demand unfair pier rates from the Lighterage Company, in consequence of which the said Lighterage Company have the power to cancel their contract with the Contractors on giving reasonable notice, it is understood and agreed by the Crown Agents that in the event of such action or cancelment of lighterage arrangements being effected by the Company, the Contractors in this freight contract are to have the same liberty of cancelling these arrangements, and any substituted arrangement will become a matter for discussion under mutual agreement.

PART III.

MINUTES OF EVIDENCE

TAKEN BY THE

SUB-COMMISSION

OF THE

ROYAL COMMISSION ON SHIPPING RINGS

IN

SOUTH AFRICA,

WITH INDEX.

34691

LIST OF WITNESSES ARRANGED ALPHABETICALLY.

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BUTCHER, H. J.	17th September, 1907	2058–2251	78
CHAMPION, C. W.	27th September, 1907	5465–5648	160
CLARKE, H. H.	16th September, 1907	1617–1817	59
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DUMARESQ, R. H. F.	26th September, 1907	5371–5464	157
EARLE, W. F.	16th September, 1907	1818–1934	69
EHRLICH, W.	27th September, 1907	5649–5771	166
FICHARDT, A. E.	27th September, 1907	5465–5648	160
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GOBLE, P.	27th September, 1907	5940–6095	173
GORDON, J. W. H.	26th September, 1907	5247–5370	153
HONEY, J. W.	24th September, 1907	4576–4708	129
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HOSEASON, T. W.	27th September, 1907	5940–6095	173
HOSKEN, W.	21st September, 1907	4017A–4324	107
JAGGER, J. W.	2nd October, 1907	6442–6728	189
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MEIRING, J. H.	27th September, 1907	6096–6149	179
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PRICE, Colonel R. H.	12th September, 1907	919–1134	136
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WHITTAL, W.	28th September, 1907	6339–6441	186
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LIST OF WITNESSES IN ORDER OF THEIR EXAMINATION.

Date.	Name of Witness.	Questions.	Page.
FIRST DAY ... ... 6th September, 1907	Mr. HARRY MOSENTHAL, of Messrs. Adolph Mosenthal & Co.	1–214	1
SECOND DAY ... ... 7th September, 1907.	Mr. C. F. KAYSER, of the Port Elizabeth Chamber of Commerce.	215–448	11
THIRD DAY... ... ... 9th September, 1907.	Mr. H. FRIELINGHAUS, of the Port Elizabeth Produce Association.	453–618	21
	Mr. DE LA PORTE, of Messrs. Liebermann, Bellstedt & Co.	619–674	27
	Mr. J. C. MARTIN, of the Port Elizabeth Chamber of Commerce.	675–789	29
FOURTH DAY ... ... 12th September, 1907.	Mr. S. E. GASSON, of Messrs. Gasson & Co.	790–918	32
	Colonel RYHS HOWELL PRICE, C.M.G., Chairman of the East London Chamber of Commerce,	919–1134	35
	Mr. DAVID DUNLOP NISBET, of Messrs. Dunn & Co. ...	1144–1389	43
FIFTH DAY... ... ... 13th September, 1907.	Mr. H. O. A. LERCHEN, of Messrs. Heinrich Knorr ...	1390–1567	51
	Lieut.-Colonel H. B. CUMING, C.B., V.D., Managing Director of Messrs. Howard Farrar, Robinson & Co., Ltd.	1568–1616	57
SIXTH DAY ... ... 16th September, 1907.	Mr. H. H. CLARKE	1617–1817	59
	Mr. W. F. EARLE, on behalf of the Natal Produce Shippers.	1818–1934	69
	Mr. HEDLEY SALMON, Secretary to General Manager of Natal Government Railways, and Captain John Rainnie, Port Captain.	1935–2057	73
SEVENTH DAY ... ... 17th September, 1907.	Mr. H. J. BUTCHER, of Messrs. S. Butcher & Sons	2058–2251	78
	Mr. W. G. BROWN, of Messrs. W. G. Brown & Co.	2252–2437	82
	Mr. P. POLLITZER, of Messrs. Pollitzer & Co.	2438–2618	87
EIGHTH DAY ... ... 18th September, 1907.	Mr. PETER DAVIS, newspaper proprietor	2619–2758	93
	The Rev. JAMES SCOTT, President of the Agricultural Union of Natal.	2759–2870	96
	Mr. F. S. TATHAM, Advocate	2871–3066	99
NINTH DAY...	IN PRIVATE.		
TENTH DAY ... ... 21st September, 1907.	Mr. W. HOSKEN, Mr. J. N. SELLAR, Mr. H. F. E. PISTORIUS, on behalf of the Johannesburg Chamber of Commerce.	4017A–4324	107
ELEVENTH DAY ... ... 23rd September, 1907.	Mr. W. E. PARK, Mr. R. NIVEN, Mr. O. LENZ, Mr. R. BLANE, and Mr. E. C. LOWE, on behalf of the Johannesburg Chamber of Trade.	4325–4575	120
TWELFTH DAY ... ... 24th September, 1907.	Mr. J. W. HONEY, Director of Customs	4576–4708	129
	Mr. W. S. THOMAS, of Messrs. Allan, Whyte & Co., of Glasgow.	4740–4840	133
	Mr. T. R. PRICE, C.M.G., General Manager of the Central South African Railways.	4841–5038	136
	Mr. J. W. HONEY (re-called)	5039–5042	146
THIRTEENTH DAY ... 25th September, 1907.	Mr. C. W. VILLIERS, on behalf of the Transvaal Chamber of Mines.	5043–5246	147
FOURTEENTH DAY ... 26th September, 1907.	Mr. G. A. NORTHCROFT, Director of Public Works, and Mr. J. W. H. GORDON, Superintendent of Stationery.	5247–5370	153
	Mr. R. H. F. DUMARESQ, Secretary of the Department of Agriculture.	5371–5464	157
FIFTEENTH DAY ... ... 27th September, 1907.	Mr. T. F. TORBET, Mr. A. E. FICHARDT, and Mr. C. W. CHAMPION, on behalf of the Affiliated Chambers of Commerce of the Orange River Colony.	5465–5648	160
	Mr. W. EHRLICH, of the Orange River Colony Farmers' Union.	5649–5771	166
	Mr. H. F. WILSON, C.M.G., Colonial Secretary	5772–5939	169
	Mr. T. W. HOSEASON, Mr. P. LOWENSTEIN, Mr. G. SCHWEINSBERG, Mr. P. GOBLE, and Mr. W. A. DOHERTY.	5940–6095	173
	Mr. J. H. MEIRING, Collector of Customs	6096–6149	179
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MINUTES OF EVIDENCE.

TAKEN BY THE

SUB-COMMISSION

OF THE

ROYAL COMMISSION ON SHIPPING RINGS.

FIRST DAY.

Chamber of Commerce,
Port Elizabeth,
Friday, 6th September, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),
Sir JOHN MACDONELL, C.B.
Mr. J. A. WEBSTER (*Secretary*).

The *Secretary* read the terms of reference.

The *Secretary* read letter from Colonial Office regarding proposed visit of Commission to South Africa.

The *Chairman*: In accordance with the terms of the letter, the Commission decided that a small Sub-Commission should proceed to South Africa, and on that Sub-Commission were appointed Sir John Macdonell, Mr. Birchenough, and myself. I may say we were very pleased to have the honour conferred upon us of coming here to take this important evidence. I regret that Mr. Birchenough is not present here. He came to South Africa about two months ago, partly on the affairs of the Chartered Company, of which he is a Director, and he was very useful in preparing the ground, in getting communications sent out by the High Commissioner and the various Governments, so that we are able to meet here to-day with all arrangements made. I hope Mr. Birchenough will join us before long. I may mention that we shall follow the procedure of the Royal Commission in London. Any of the public are at liberty, as long as the accommodation admits, to come here and listen to the evidence. But I should like to say that if there are any witnesses who have special evidence to give us and who, from any reason or other are not prepared to give this in open court but wish to give their evidence in camera, if they will communicate in writing to the Secretary we will consider whether we are able to give effect to their wishes. Our first witness to-day will be Mr. Mosenthal, whom I had the pleasure of seeing at a Conference held in London one year and a half ago. As we only arrived this morning we have not had much time to make arrangements, and I think he would have preferred that we should have taken first the evidence of the Chamber of Commerce but I understand from Mr. Mosenthal that he is liable to be called away at any time to Kimberley, so that we are, I think, bound to take advantage of his presence here, and at once see what evidence he is prepared to give us.

Mr. HARRY MOSENTHAL, examined.

Mr. H. Mosenthal.

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(*The witness handed in the following statement.*)

Port Elizabeth,
3rd September, 1907.

SHIPPING FREIGHTS.

MEMORANDUM on Questions of Royal Commission on Shipping and the Answers of the Port Elizabeth Chamber of Commerce.

Question 4.—Are rates of freight from United States of America relatively lower than from United Kingdom, taking differential circumstances into account? —Opinions are divided as to whether advantage obtained from the system of deferred rebates is outweighed by the objections. My opinion is that it is not.

Question 5.—I do not think that the freight has been the chief or, indeed, a very great factor in influencing competitive shipments from United States of America instead of from United Kingdom. Is not the reason their cheapness, as compared with similar British manufactures, quite apart from rate of freight which is off-set to some extent by preference in duty given to British imports?

Question 6.—Rates of an open-freight market should, in my opinion, in the answer given by the Port Elizabeth Chamber read, "with a reasonable per-"centage added for the advantages of fixed, regular, "and frequent sailings, regular and prompt delivery, "and stability of rates offered by the Conference "lines."

Comparison with the United Kingdom-Australian rates does not apply until full return cargoes are obtainable from South Africa to the same extent as is now the case from Australia.

Question 6 (*b*).—The Chamber's answer should, in my opinion, read, "In the absence of opportunities of "testing, etc.," and should also express opinion that there is room for an appreciable reduction both "out" and home, seeing that, anyhow, as regards the former, shipowners at the Conference held in London in 1906 were within measurable distance of according a moderate reduction.

Question 7.—As far as I know, large shippers of ordinary cargo have not had special terms; Governments and municipalities have, and I object to special treatment for the latter; some large mining companies used to enjoy special advantages, but to the best of my belief do so no longer.

Question 8.—In my opinion it is not practicable for South African merchants to charter themselves. I fail to see how the mail contractors will be protected if

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shippers are free in their choice of sea freight, or why in that case the bulk of the trade would follow the mail contract.

Question 9.—I beleive the Commissioners will confirm my opinion that legislation rendering rebates illegal will not be introduced by the Home Government, and I believe that Government influence brought to bear on the Conference lines, in conjunction with merchants and municipalities, is the only practical remedy for excessive rates, and should bring about an adequate reduction of freights by the Conference lines, in return for which merchants and municipalities should give them their whole-hearted support. I would suggest that the Conference lines be required to show good reason for any advance in freights, and before this takes effect. Shippers to do the same when urging a reduction.

The recent attempt of the Conference Lines to sow discord amongst the various Colonies, by making a differentiation in freights which upsets the railway modus vivendi based on ocean freights, has fortunately been foiled by the harmonious co-operation of the South African and Portuguese Colonies. Whilst I do not dispute the legal right of the Conference Lines to charge such reasonable rates as their own interests require, action, such as that complained of, is intolerable, and should be promptly dealt with by South African and Portuguese Colonies by means of a corresponding and simultaneous re-adjustment of railway rates. I trust that at the Railway Conference next year ways and means will be found to prevent a repetition of such tactics; frequent re-adjustments of railway rates create a feeling of instability, and largely increase the already excessive work.

(Signed) HARRY MOSENTHAL,
Representing Adolph Mosenthal & Co.

1. (*Chairman.*) I think you are a member of a firm here?—I am.

2. They have been here for many years?—Some 50 or 60 years.

3. I will take you shortly through the brief proof which you have been good enough to hand in. I am sorry that we have had to take your evidence before that of the Chamber, because your evidence refers to the questions and answers to be given by the Chamber of Commerce, but a proof of the latter has already been circulated?—I may say that if you want to call the Chairman of the Chamber first, I do not think I shall be going away until to-morrow night, at the earliest.

4. (*Sir John Macdonell.*) I think we had better go on?—Just as you please.

5. (*Chairman.*) You refer to Question 4. You say, "Are rates of freight from United States of America "relatively lower than from United Kingdom, taking "differential circumstances into account?" That has no reference to Question 4—to "what objections, if "any, have you to the system of Rings or Conferences?" In the second part you say, "Opinions are divided as "to whether advantage obtained from the system of "deferred rebates is out-weighed by the objections"?—I should have put that first.

6. You say, "my opinion is that it is not." That is, that you are, on the whole, of opinion that deferred rebates are an advantage?—I cannot say exactly that deferred rebates are an advantage. I hold that they are unavoidable, because if the rebates were payable at the same time as the freight, I do not see what possible advantage would accrue to the shipowners in granting them. I must say I am not in favour of rebates at all. I am not in favour of rebates pure and simple. I am in favour of rebates coupled with reasonable freights so as to have reasonable freights and stability at the same time.

Question 5 is: "Has the effect of the system of "deferred rebates and of the South African Ring been "to divert trade from the United Kingdom to the "United States of America or the Continent of "Europe?" You say, "I do not think that the freight "has been the chief or, indeed, a very great factor in "influencing competitive shipments from United States "of America instead of from the United Kingdom. "Is not the reason of their cheapness, as compared with "similar British manufactures, quite apart from rate of "freight, which is off-set to some extent by preference in "duty given to British imports?" With regard to cheapness, as compared with the British manufactures, which particular goods do you refer to?—I mean a great many articles which can be manufactured just as well in the United Kingdom as in the United States of America. Of course, there are great many articles which are only produced in the States, and which must come from the States, and, therefore, the question of freight does not come in.

8. You say, "their cheapness as compared with simi-"lar British manufactures"?—I think it would take me a little too far to specify every article, but there are a good many articles which are manufactured cheaper, or at any rate, if they are not manufactured cheaper are for one reason or another sold cheaper in America.

9. (*Sir John Macdonell.*) Will you give us an example?—There is one very important article which may be looked upon as a test article, but I should not like to give it in public.

10. It startled me, rather, to see that you say, "Many articles being cheaper than compared with "similar British manufacturers"?—There are articles which ought to come from Great Britain and which come from America; articles like fencing wire. It is rather a peculiar position. I do not feel quite at liberty to give the information. I am quite prepared to give the information to the Commissioners privately, and to state my reasons. Personally, I do not object to it so much, but I think it would be objected to very generally.

11. (*Chairman.*) You mean for trade reasons?—Yes.

12. (*Sir John Macdonell.*) Would you mind putting down on paper an instance or two, and giving it to the Chairman?—Certainly. (*Witness handed in paper.*)

13. (*Chairman.*) I suppose in some of the articles you refer to, the export price would be cheaper than the price in the States, would it not?—That might be so. One or two of the articles I referred to are manufactured in the States by huge corporations, where the question of freight does not enter into the question at all, or not to any appreciable extent.

14. Then you say, "Quite apart from the rate of "freight which is offset to some extent by preference in "duty given to British imports." How much is that?—About 25 per cent.

15. That is, the higher the duty the more the preference. If goods are only charged 10 per cent. duty here, the preference would only be 2½ per cent.?—To put it quite plainly it would be, say, in the case of American goods 10*s.* and in the case of British goods 7*s.* 6*d.*

16. Then you go on to say, "Rates of an open "freight market should, in my opinion, in the answer "given by the Port Elizabeth Chamber, read, 'with a "'reasonable percentage added for the advantages of "'fixed, regular, and frequent sailings, regular and "'prompt delivery, and stability of rates offered "'by the Conference Lines.'" Can you give us any idea as to what a reasonable percentage would be?—At the Conference last year I think you will remember that some of the Cape Delegates suggested 25 per cent. My feeling was that that was an unreasonable request.

17. I want to get at the meaning of your word "reasonable"?—That I cannot do, because, on that point, I should want to know what the open market rates were. I should want to hear the arguments of the Lines of the Conference, and I confess that I, personally, without all that before me, could not say what would be reasonable. The point I want to make is, that it is not reasonable to ask the Conference Lines to be put on the same footing with every tramp that crosses the ocean.

18. A certain addition should be made, but you are not prepared to put at any sort of figure what that addition should be?—No, because I am not really sufficiently posted in what the tramp or occasional rates to the Cape would be in an open freight market.

19. This is a percentage to be added on whatever is the rate of freight in an open freight market?—I am not prepared to answer definitely as to that, but I am prepared to state very definitely that I do not think it is fair to expect all the advantages we have at tramp rates.

20. You say, "Comparison with the United King-"dom-Australian rates does not apply until full return

"cargoes are obtainable from South Africa to the same "extent as is now the case from Australia." You recognise that as a reason why they should have higher freights to South Africa?—I do, but, of course, there are other factors that come in too. When one talks of return cargoes from South Africa, as a rule, gold is not included in that, and, as the Chamber pointed out in their answers, the earnings of the steamship companies on gold carried now is a very considerable item.

21. You have no special knowledge of the value of freight for that gold?—I think it is a quarter per cent. I have some knowledge of it. To the best of my belief it is a quarter per cent., and the Chamber in their reply states that the amount last year came to something like £90,000.

22. Have you any knowledge that will enable you to say whether that is too much or too little as an estimate?—I am not quite certain in my mind whether it is a quarter per cent., but assuming that it is 5*s.*, then I think the estimate is too high.

23. It is a matter of arithmetic?—Yes.

24. You say, "The comparison with this does not "apply until full return cargoes are obtainable." Do you think that is likely in the near future; that return cargoes will in time increase?—I think it is likely to show some improvement, but whether that will be a very appreciable thing depends not only upon the increase of wool in good seasons, but upon the effect of such things as the shipment of mealies and so on. If we have very good seasons, and are able to ship large quantities of mealies and cereals, of course, that should make an appreciable difference.

25. You have a large acquaintance with the state of things in South Africa. Should you think it would be in the immediate future? Should you reckon with it if you were legislating, or if you were advising in the matter?—I should be disposed to legislate, taking a somewhat long view of it. If you asked me whether any thing of this sort would happen this year, I should doubt it.

26. Say, five or ten years?—Yes, I think it is quite probable.

27. You refer to Question 6 (*b*), "In the absence of "competition we are unable to say whether the rates "from South Africa to the United Kingdom are excessive or not, but we believe that if an open freight "market existed, lower rates would prevail." You think the answer should be, "In the absence of opportunities for testing, &c.," "and should also express "opinion that there is room for an appreciable reduction both 'out' and 'home,' seeing that, anyhow, "as regards the former, shipowners at the Conference "held in London in 1906 were within measurable distance of according a moderate reduction." You think it is difficult to test the freight in the open market?—I think it is rather difficult, because I think a good many people are bound by rebates now, and they could not support the open market as they might do if they were not bound by those rebates. There are many circumstances governing the open market. It might suit a tramp, or even a good class of steamer to come out here, and go on; take what it could get as far as the Cape and then go on in fulfilment of some charter somewhere else. If that were the case, I do not see how it would help the shippers home at all.

28. With regard to what you say as to the Conference in London, were you of opinion that the last-offered concessions were getting within being reasonable or nearly reasonable?—Yes.

29. Were they quite reasonable?—I will not say that the Conference Lines could not have been squeezed a little more, but I think, and I believe my colleague, Mr. Soper, is of the same opinion—that the proposal—in fact, if I remember rightly, the last figures discussed were the figures put down by Mr. Soper himself.

30. You think they represented a substantial, a useful reduction?—They represented a reduction, and, anyhow, it would have been better than what we have to-day, which is, as far as Port Elizabeth is concerned, an increase.

31. You would like, if possible, to have come to a useful agreement?—Yes, because I hold very strongly that the Conference Lines are entitled to fair and reasonable rates, and that if they grant these rates, they are equally entitled to the full support of the shipper. You cannot, on the one hand, ask a man to make you a reduction, and, on the other hand, still keep on fighting him and wanting to bring in opposition all the time. If we are to get reasonable reductions we must give reasonable support.

32. Then you go on to say, "As far as I know, large "shippers of ordinary cargo have not had special "terms; Governments and municipalities have, and "I object to special treatment for the latter; some "large mining companies used to enjoy special advantages, but to the best of my belief, do so no longer." These statements are very important. I suppose you are quite certain that they are correct?—Yes. I ought, perhaps, to have said instead of "large shippers of "ordinary cargo," "large shippers of general cargo." I think there is no question about Governments and municipalities having special rates. I think there is no question—in fact, I am prepared to state that until recently large mining companies, and I daresay large shippers of special articles, had special advantages, but, as far as I know, and I have opportunities of knowing, the large mining companies do not enjoy these special advantages any longer.

33. Do you think the large shipper should not have special advantages over the small?—I think, as a question of principle, the more you buy the cheaper you should get it, but it raises a very thorny sort of question, because whenever anything of that sort is said, we are always met by the statement, "You are trying "to crush the small man." Then, again, you would have to graduate. For instance, I ship twice as much as somebody else. I want better rates of freight than he does. Somebody else ships twice as much as I do, then he wants better rates than I do. Then, again,—not talking now of the general effect on the consumer, but talking as merchant and shipper—it would not benefit me at all because the lower rates that I and other large shippers would get, they would get everywhere else along the coast. The whole question is, the large shipper as against the small shipper. Personally, I should prefer to let everybody come in at the same rate, although I hold, and I hold very strongly, that quantity deserves consideration.

34. In that respect you agree rather with the policy of the draft agreement of the London Conference, because that would have stopped the differential treatment of the small shipper?—There is no differentiation to-day in general cargo.

35. Are you a survivor of the Houston contracts?—I think my friend, Mr. Jagger, in Capetown is still a survivor, and I think he is also hopeful of surviving the next arrangement of a similar character.

36. You do not know of any other large business?—I think there may be.

37. You refer to Question 8, "Would it be practic-"able for South African merchants to combine and "charter tonnage in the open market for their con-"signments?" You say it is not practicable, in your opinion, for South African merchants to charter themselves. You fail to see "how the mail contractors will "be protected, if shippers are free in their choice of "sea freight, or why in that case the bulk of the trade "would follow the mail contract." That is not quite on the same point?—In effect the bulk of the trade would always follow the Government mail contract.

38. You do not see why the bulk of the trade should not follow the mail contract necessarily?—No, seeing that the bulk of the trade does not go by mail steamer.

39. A good deal that wants to go quickly would, I suppose?—Whatever has to be shipped very quickly would go by mail.

40. Coming to Question 9, "What remedy, if any, "do you suggest?" You say you believe the Commissioners will confirm your opinion "that legislation "rendering rebates illegal will not be introduced by "the Home Government." That, of course, would be putting the Commissioners rather in the witness box?—I have simply stated my belief.

41. You say, "I believe Government influence "brought to bear on the Conference Lines, in conjunction with merchants and municipalities, is the only "practical remedy for excessive rates, and should bring "about an adequate reduction of freights by the Conference Lines, in return for which merchants and "municipalities should give them their whole-hearted "support." What influence could be brought to bear

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by the Government?—I suppose the Governments could bring influence to bear, by acting, as I am happy to think they are doing at the present moment, in perfect harmony, through the immense amount of Government cargo which is brought out.

42. You mean the Colonial Governments?—Yes.

43. Employing those lines which deal reasonably—is that it?—I think if the Colonial Governments, when making arrangements for the conveyance of their requirements, were at the same time to insist upon reasonable freight to general shippers; of course, there would always be the difficulty of fixing what are reasonable rates of freight, but I think that could be arrived at, and I think would be arrived at if, when these discussions took place and those rates are fixed, the Conference Lines had the assurance, and something more than the assurance, that, granted those reasonable reductions, the agitation which is now going on, would cease, and would be replaced by support. I hold very strongly that you cannot ask for reductions, and you cannot ask for favours, you cannot even ask for your rights, if at the same time you are fighting a man continuously; but, if you tell him if he will act reasonably and fairly to you, you will act reasonably and fairly to him; with the aid of the Government I think we shall get some substantial reduction.

44. You make the suggestion that the Conference Lines be required to show good reason for any advance in freights before this takes place. Shippers to do the same when urging a reduction. That pre-supposes some consultative body?—Exactly. I did not like to put it in that way, because I did not quite see my way to any recommendation, but I did think there should be some representative body by which every side of the question is fairly considered, and it should be a body which could be trusted to act fairly and reasonably to all concerned.

45. As regards the trade from London. You were one of the representatives of the London Merchants' Committee?—At the last year's Conference. Yes, I was representing the South African section of the London Chamber of Commerce.

46. As far as I remember, you were a pluralist. You represented both?—It was a sort of Pooh-Bah position, because Mr. Soper represented the Merchants' Committee. We are both members of the Merchants' Committee. He was the delegate.

47. He spoke for them chiefly, and you spoke for the section of the London Chamber of Commerce interested in South African trade?—Yes, we both said the same thing.

48. Do you think that this London Merchants' Committee is thoroughly representative of those who trade with South Africa from London?—That is rather a delicate question too, because out here on this side a good many people rather make light of it, and say everything ought to be decided here. But I do not quite agree with that view, because the great majority of the members of that Committee have their own houses here; in fact, the people sitting on that Committee are the seniors of those firms, so I think they may be taken as fairly representative, and acting in their own interests. There are a certain number of commission houses and agents and so on, but I think you will find the majority of the people are the senior partners of the South African houses.

49. Do you think that the present arrangement of occasional conferences between the London merchants and the shipowners acts in a sufficient and satisfactory way?—No, I cannot say I think it does. I think they are not in sufficiently close touch. It is rather a cumbrous proceeding, and I should think a sort of permanent committee of a limited number, six or seven, representing Governments, muncipalities, Conference Lines, and the shippers, would be much more practicable.

50. They would also represent people from over here. You would like to have everybody over here represented so far as they are interested in trade?—As far as possible. There is no difficulty, because I believe that anybody on payment of a guinea a year can become a member of the Merchants' Committee. This Chamber, I suppose,—they are retrenching in all directions—has not thought it necessary to subscribe the guinea.

51. I suppose the Chambers of Commerce in South Africa are important bodies who might be represented at any conference with the shipowners?—Certainly, but they would have to appoint somebody at home, of course.

52. You think the conference must take place in London?—I do not see how it can be otherwise, because the headquarters of the Conference Lines are at home, and the headquarters of most of the firms are at home.

53. Then you make the suggestion that the Conference Lines be required to show good reason for any advance in freight. Has not that usually been done?—It has not been done in a way. As a rule, the spokesman of the Conference Lines, Sir Donald Currie, has stated certain things with which the Merchants' Committee, as a rule, have not been able to agree, but there has been no attempt at sitting down and showing for this and this reason the rates of freight should be higher or lower.

54. Does that apply to changes in classification, which, of course, are quite as important as changes in the nominal rate?—As far as my memory serves me, the changes in classification have generally come into effect and the explanation why has been given afterwards.

55. We have been informed in evidence that a good many changes have been made in classification which have reduced the rates?—That is so.

56. (*Sir John Macdonell.*) A statement was made at the London Conference that over 50 changes had recently been made with the effect of reducing rates?—I do not know how many changes have been made, but it is so that changes have been made in the downward direction as well as in the upward.

57. (*Chairman.*) Have there been many made in the upward direction, putting goods from Class 3 into Class 2, and so on?—Speaking from memory, I cannot say exactly. I do not think there is so very much to complain of in that respect.

58. I suppose these changes that we have heard of would be made on representation or complaint by somebody, if not of the London Head Merchants' Committee. It would not have been made by their own men, by the Allied Conference of Shipowners?—Do you mean reductions or increases?

59. I mean the decreases?—No, I do not think they would make them until they were pointed out to them.

60. You do not remember how they were done?—No, I cannot say. We have never been very active in going for decreases ourselves.

61. Then you say, "Shippers to do the same when "urging a reduction." I suppose they would have to show good reason before they got a reduction?—If you ask a man why he raises freight, then you should be prepared to show him why he should reduce.

62. Then turn over the page—your last long paragraph, "The recent attempt of the Conference Lines "to sow discord amongst the various Colonies, by "making a differentiation in freight, which upsets the "Railway Modus Vivendi based on ocean freight, has "fortunately been foiled by the harmonious co-opera-"tion of the South African and Portuguese Colonies." I suppose you refer to lowering the Cape Town railway rate?—No, I refer to lowering the rates of freight to Natal and Delagoa Bay, and practically raising the rates of freight to every other port. The rates of freight have been raised in reality, even where they do not appear to have been raised, because the rebate, which Sir Donald Currie calls something else, has been reduced from 10 per cent. to 5 per cent. Therefore, even if the rates of freight remain at 30*s.* there is still an increase of 5 per cent., because we get back only 5 per cent. instead of 10. The rates are put up to 31*s.* 6*d.* against us.

63. I suppose you would sooner have had the reduction by way of reduction in the rate. You would like to have a reduction of the rate, even if accompanied by a reduction in the rebate?—What I personally object to so much is, that just at this particular moment—in fact, I object to it at any time—but just at this particular moment, when it is very important, for us out here, anyhow, to be united, something is done which threatens to disunite us, and it was done with that object. I always speak of Sir Donald Currie because he is the spokesman of the Conference. He

is an old personal friend of mine, and I hope he will live for another 100 years, but he has had to reach the age of 82 before he has discovered that an injustice was being done to Natal. If he finds out when he is 150 that some injustice has been done to Port Elizabeth, I probably shall not be here to see it.

64. "The recent attempt," and so on, "has fortu- "nately been foiled by the harmonious co-operation," &c. Does not that refer to altering the railway rates, altering the differentiation of the railway rates?—The railway rates have not been altered, but the four Governments—because Natal is a party to them—have agreed for all competitive traffic—that is to say, north of Bloemfontein—to make some sort of allowance. What I mean to say by "foil," is not so much the importance of anything we may receive back in the shape of rebate—that is not important at all, as I will show you presently, but what is important is that the four Governments are united, and that certainly, I think, was the object of Sir Donald Currie in acting as he has done.

65. What you call an allowance means a reduction in the rate. It is a return of the rate?—It comes to the same thing, because you know what has been done; you know it exactly, and you know how it works. If I may just hand in this document—(*handing in document*)—you will see how very voluminous it is, and that represents all the work in connection with the goods that we have imported and sent away in a fortnight. I think it deals with over 1,400 or 1,500 packages of a certain class. You will be surprised to hear that there are several days' work in that, and that all the advantage we have secured is 4*s.* 10½*d.* It is quite clear that the arrangement which has been come to at the present moment cannot be of a permanent nature.

66. (*Sir John Macdonell.*) What is this document?—You have heard, of course, of the Bloemfontein Conference, at which certain arrangements were made. We are entitled to claim certain rebates which the four Colonies pay pro rata. In order to do that, we have to prepare a document like that, and when we have prepared it we have to recover 4*s.* 10½*d.* I merely show this in order to show that the actual advantage of this Bloemfontein Conference is only the co-operation and the acting together of the four Colonies.

67. (*Chairman.*) It gives you a great deal of trouble and you get back to where you were before?—No, not to where we were before, because Natal has not to go through all that trouble. They have lower rates of freight.

68. At the ports at which the rates have been practically raised, you have to go through all this trouble to get back what has been paid differentially, as compared with Natal or Delagoa Bay?—Yes, but we do not get it back. We get back 4*s.* 10½*d.* I should be glad to explain it afterwards. The whole crux of the thing is, we do not get it back on open stocks. Open stocks get no rebate.

69. You will get it in the future. You will get it on what is imported subsequently?—No, we will not get it at all, because in any case that is unpacked, sold from open stock, we never get it.

70. It must go through unbroken?—Yes. I only mention this to show that the arrangement that has been made can only be a temporary one; it cannot be a permanent one.

71. I suppose the same effect might have been made by raising the railway rate on the goods coming from Natal, and from Delagoa Bay, on the railways?—Yes, that would have been more effective; but I think for a provisional arrangement it is of really no importance. We are really only going on with this practically because we want to show and prove to the Government and all concerned that an arrangement of this sort cannot be a permanent one.

72. (*Sir John Macdonell.*) How far is the Shipping Combination responsible for this?—All this would not have occurred if Sir Donald had not acted as he has done.

73. (*Chairman.*) All these are calculations rendered necessary by the changes which have been made recently in the rates between the different ports?—Yes, and if you regulate the matter through the railway rate, then, every time there is a change in the sea-borne freight you have to have a change in the railway rate, and you have this sort of performance all over again.

74. What is the conclusion you draw from that?—That this arrangement, under which Sir Donald has to a certain extent been checkmated, is not of much practical value as far as pounds, shillings, and pence are concerned to us, but it is of immense importance to us as showing the harmonious co-operation of the four Governments.

75. You say, "Whilst I do not dispute the legal "rights of the Conference Lines to charge such reason- "able rates as their own interests require, action, such "as that complained of, is intolerable, and should be "promptly dealt with by South African and Portu- "guese Colonies by means of a corresponding and "simultaneous re-adjustment of railway rates"?—I mean by that, of course, that any difference in favour of Natal or in favour of Cape Colony or Delagoa Bay should be re-adjusted by raising the rates from those ports correspondingly.

76. I do not want to take you in detail over this railway question, because it is a different question. At the same time it has been connected with the shipping rates by what has been lately done?—It hangs together.

77. You trust that "at the Railway Conference next "year ways and means will be found to prevent a repe- "tition of such tactics; frequent re-adjustments of "railway rates create a feeling of instability, and "largely increase the already excessive work." That is what you refer to by this document?—That sort of work will have to be gone through every time railway rates are adjusted.

78. (*Sir John Macdonell.*) I know that you are in a large and varied way of business. Might I ask a question or two as to the nature of your business. Do you import on your own account?—Certainly, we import on our own account. We import on commission and we export on our account, and we export on commission.

79. We have had evidence in London as to the mode in which the business is done, so far as importing into South Africa is concerned. Would you mind just explaining to me, a little, the procedure in regard to the export trade. Suppose that goods are exported from South Africa on the terms f.o.b., I do not know whether that is ever done?—Oh, yes. You mean, if I were given an order to buy wool, I would sell that either f.o.b. or c.i.f. or any other way.

80. Take the first case. Suppose that the wool is sold f.o.b. In that case to whom is the rebate paid?—Our practice is, that if we are charging a commission the rebate is payable to the person who pays that commission. If we sell at the quoted price, then the rebate belongs to us. Then the rebate is taken into consideration in quoting the price, and also sometimes in price when produce is bought on commission.

81. In every case the rebate is paid in London?—Yes.

82. It is never paid here?—I believe not.

83. In your experience have you ever heard of cases in which the rebate has not been paid to the shipper?—I do not think I know of a case where it has not been paid, but I know it has been threatened. Of course, it is very difficult to find out these cases. One can only speak from personal knowledge.

84. I take it that your opinion is that with all its disadvantages the rebate system is inevitable?—Yes, it is inevitable if we are to have fair freights, but if we are to have unfair freights it is not inevitable, because then I would rather fight it.

85. May I take it, also, that if there is no modification of any kind in the present system you are against the deferred rebate system?—I am against it unless they can show me that the present rates of freight are in all respects fair and reasonable, which they have not been able to do yet.

86. Is that another way of stating that you are opposed to the deferred rebate system with the present rates?—I am not prepared to say at the present moment that the present rates are unreasonable. I believe they are, but I am open to conviction. If I come to the conclusion that the present rates are unreasonable,

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then I should certainly be against the deferred or any rebate.

87. I should like a somewhat clearer expression of opinion, if you can give it, with regard to this point. From your experience of the existing rates, with no modification of them, are you opposed to the deferred rebate system?—You mean, am I prepared to go on as I am going?

88. Not exactly that. In your view, is the present system of deferred rebates with the existing rates on the whole a satisfactory one?—In my opinion, the existing rates of freight are not satisfactory, but I recognise that whatever the rates of freight there must be a system of deferred rebates, because, otherwise, the shipowner has no hold whatever upon the shipper.

89. I can quite see what your argument is in regard to that, but I should like to have a more definite expression of opinion and, if possible, an answer aye or no. Are you in favour of retaining the deferred rebate system if there is no alteration in the existing rates?—Yes, if it can be shown to me that the existing rates are fair and reasonable, not otherwise. I am not prepared to support a rebate if I come to the conclusion that the existing rates are unreasonable.

90. Have you come to the conclusion that the existing rates are satisfactory?—I have come to the conclusion that they are not satisfactory.

91. Being unsatisfactory in your view, I suppose I may describe you as opposed to the present deferred rebate system?—No, I am not at all opposed to the deferred rebate system. Of course, anybody is opposed to anything that shackles him and hampers him, but I always couple the two things, I say, reasonable rates of freight and rebates, which must be deferred.

92. The opinion of the majority, if not the whole, of the Chambers of Commerce in South Africa, is adverse at the present time to deferred rebates?—I believe it is, but I believe they are being educated up to modify their opinion somewhat—anyhow, some of them.

93. You think that that opinion is a mistake?—I think I have stated that it is.

94. I notice that you said a little time ago, in answer to a question by my colleague, that your view and position were on the whole the same as Mr. Soper's. I have before me a question put to Mr. Soper in the course of the examination?—Is that this year or last year?

95. This year?—I am referring to last year.

96. A question was put to him when he was examined before the Commission in London quite lately, with respect to the very matter of which I am asking you, and Mr. Soper's answer is, "Mr. Maddison wants to "know what makes them—that is to say, the merchants "in South Africa—adverse to the system. I could not "explain to you. It is one of the things I cannot "understand. I wrote to one of my oldest friends only "last week, to say, for the life of me, as a commonsense "man, I cannot understand why you are always against "rebates, and never give me any argument to the "point. I never, for the life of me, can understand "it." Is that your view?—Personally, I have no objection whatever to rebates as long as rebates are coupled with reasonable rates of freight, and I think I have explained already that, in return for reasonable rates of freight, I consider that the shipowners—the Conference Lines—should receive reasonable support.

97. Can you give me any explanation of the feeling—probably I may be warranted in saying it is a prevalent feeling—expressed by Chambers of Commerce and other bodies in South Africa adverse to the deferred rebate system?—I believe the reason is they like to be free to do as they like, and in that sense they object to the rebate. I do not think there is very much objection to receiving the rebate. I think you will find that a great many people who object to the rebate system, very much object to receiving 5 per cent. to-day instead of 10 per cent. some time ago.

98. Do you think the opinion upon the subject has in South Africa been modified lately, and that it is not so strong to-day as it was?—I know the opinion is very strong in some quarters, but I believe, judging by what happened here the other day, there is a section of the community that is not very strong against the rebates.

99. What section of the community?—Some of the importers, especially the smaller importers. The entire produce trade. The shippers of produce—the whole section I think is unanimously in favour of the retention of the rebates.

100. In your view, is there a special class among merchants who are favourable upon the whole to the system, and another class adverse to it?—I think the small man is favourable to it, because the rebates, in his opinion, give him stability and give him equal treatment with larger shippers, and I think some of the larger shippers are adverse to the rebates because they think that in an open freight market they could do better than some of their neighbours.

101. You think that the system, on the whole, is a benefit to the small man as compared with the large merchant?—That is their view. I should not be prepared to give it as mine.

102. Coming to one or two points to which my friend has called your attention, you point out that the amount that is payable in respect of freight for gold is only somewhere about a quarter per cent.?—I think it is that. I am only speaking from memory; I am not quite certain.

103. I suppose you would add, that no part of that freight——?—I was just looking at the figures quoted by the Chamber of Commerce—"Taking the annual "average value of gold exported at 24½ millions ster-"ling, the shipping companies would receive in freight "a sum of over £90,000." Mr. Kayser tells me that works out at 7*s.* 6*d.* or ⅜ per cent.

104. I suppose you would add, that this freight, whatever it may be, is payable only in respect of mail steamers?—Yes, I believe only the mail steamers carry gold.

105. And that the freight in respect of gold is of no advantage to the other members of the Shipping Combination?—I do not see how it can be.

106. Another point that you mentioned is, that you think that it is only right and proper that to the chartered rate of freight there should be added some reasonable amount in respect of additional services rendered by the Combination steamers?—Certainly.

107. What elements have you taken into account?—I have taken into account the class of steamer.

108. That would affect the rate of insurance?—Yes, that would not be very heavy. I have taken into account the regularity of sailing and departure.

109. And also the fact that the Conference steamers call regularly at various ports?—That I should not take into consideration very much, because I think each port is clamouring more and more for direct shipments. They object to steamers calling at several ports. To quote one instance, Natal has more direct opportunities than this port, and that is a distinct advantage to Natal.

110. Are there any other elements which you take into account besides those which you have mentioned in arriving at what would be a reasonable addition to the chartered rate of freight?—I would take into account the fixed dates of sailing. These steamers leave this side and the other side at fixed dates, and they are bound to go out and come home whether they are full or whether they are not full. I take it an ordinary tramp would simply go when it suits it's own convenience.

111. Could you give me, approximately, some sort of figure which would represent the whole of these additions?—The Chairman has asked me to do that, but I am afraid that, for the reasons I gave him, I cannot do it. It is very difficult to estimate. I do not think you will ever do it by sitting down and trying to work out some mathematical basis. I think it would have to be a sort of give and take policy. I should be inclined to give the Conference Lines a trifle more than they are entitled to.

112. I think you stated that all the special terms granted to shippers, other than Governments and municipalities, had been withdrawn or had ceased. I think you mentioned one exception—Mr. Jagger's. Is that quite correct?—I can only say that I am a director

of, I believe, some of the largest mining concerns in the country, and my colleagues and I were rather indignant when the special advantages were withdrawn.

113. We have heard, in the course of the evidence given in London, more than once of the special contract which was given some years ago to Messrs. Wernher, Beit, & Co. That is subsisting, is it not?—No, I believe it is not. I do not quite know whether the contract was given to Wernher, Beit, but it applied to the so-called Wernher, Beit Companies.

114. Are not those contracts subsisting?—The contract with Wernher, Beit, & Co., I cannot say positively, but to the best of my belief it is not. Of, course, it seems to me it would not matter at all to Messrs. Wernher, Beit, & Co. that it should be withdrawn from any of their companies if they were limited to——

115. You have no direct knowledge on this point?—No. You had better ask me something about my own firm. I could tell you positively.

116. So far as your knowledge goes, you are aware of no mining companies which now possess special terms?—As far as I know, and I do know some of the most important ones do not.

117. Are you in favour of municipalities as well as Governments obtaining special terms for their shipments?—I have stated that I am averse to municipalities having special advantages, but I think I would like to modify that a little. I think that in cases where their imports do not interfere with trade, and where, by having special terms they save money to the ratepayers, the municipalities should have the preference, but when they compete or interfere with regular trade then I think they should be put on the same footing. There are certain articles which only the municipalities should import, which they get cheaper.

118. May not the granting of special terms to municipalities be adverse to the ordinary merchant?—I only want it for such articles as the ordinary merchant does not deal in. There are a great many things which the municipalities require that the ordinary merchant does not stock or deal in at all.

119. No doubt there are many such articles, but, probably, you will admit there are certain articles which might be supplied by the ordinary merchant?—Those I hold the municipalities should not have special rates for. To quote an instance—the new water scheme. No merchant will stock the pipes and things necessary for that work on the off-chance of waterworks being established here some day and those goods being required. Goods of that nature I would certainly let the municipalities have at special rates if they can get them, but when it comes to the ordinary requirements—if they want to buy tar or cement or anything of that sort,—I think they ought not to be on better terms than the merchant who keeps a stock of them.

120. Suppose the shipments of the Governments or the municipalities were carried by shipping companies either at a loss or at a trifling profit, is it not probable that the loss or the trifling profit would be made good by raising the rate on general cargo?—I think it is certain.

121. And the point that I am asking your opinion upon is this, whether or not this system of granting special terms to the four Governments and to municipalities does not necessarily lead to an enhancing of the general rate of freight?—I think that follows as a matter of course. I believe a point was made at the Conference at home that the Government should pay more on certain things. If that were done I think a reduction might be made on general cargo. I think there is no question about that.

122. If that be so, would you be in favour of granting special terms even to Governments?—I think I would, because Governments have to import certain things, and whatever advantage they get—it may tell somewhat against the shippers or the importers here—but, anyhow, it benefits the country at large.

123. It benefits the country but not necessarily all the people in the country to the same extent. However, you, looking at the matter from a practical point of view, think that the advantages now given to the Governments should be retained?—I think so, yes; and to municipalities only as far as articles are concerned which do not interfere with general trade.

124. You stated, in answer to a question that was put to you by my friend, that "I believe that Government influence brought to bear on the Conference "Lines, in conjunction with merchants and municipalities, is the only practical remedy for excessive "rates." Just let me see if I understand that point clearly. By "Governments" you mean the four Colonial Governments?—Yes.

125. And you suggest that there should be a Conference from time to time?—I suggest that whenever the time comes for getting in tenders for conveying Governments' stores, that then is the time for the Governments to make their terms, and in doing so to protect the merchants and municipalities, who would co-operate with them in getting as low rates as possible, and in return would give what I call their wholehearted support to the Conference Lines.

126. Just let us see that your point is made quite clear. Do you mean that in entering into contracts with the shipping companies the Governments should stipulate as one term of the contract that certain specified rates should be given to merchants generally?—I daresay I am not expressing myself very clearly, but what I mean to say is that if the Governments and the merchants and the municipalities act together, whenever there is an opportunity, whenever the fresh tenders are called for and the questions connected with the tender of Government goods or the conveyance of mails come on, that then the influence can be brought to bear; and I do believe that all these suggestions of open freight market and of merchants chartering their own ships——

127. That is another point, and for the moment I will not touch on it. Supposing that the result of influence being brought to bear on the shipping companies in the manner you describe failed to have any effect in the reduction of what you conceive to be excessive rates, what then?—Then, of course, we would be no worse off than before, because we could always fall back on the open market then, but I should consider that if the combined influence of the Governments and merchants and shippers were not effective in bringing about some reduction, I should consider that might be some argument that present rates could not be reasonably reduced.

128. You mention in your evidence the idea which you had in your mind of a consultative body. What exactly should be the functions of this consultative body?—I just sat down and put my ideas to paper. I was not prepared to go fully into the matter. My idea, broadly, is that six or eight people should meet—fair-minded, reasonable people—who would speak much more openly and take each other into each other's confidence and arrive at some basis, and if it could be shewn—if I were a member of such a body, if it could be shewn to me that the present arrangements were reasonable——

129. You are going a little too fast for me. For the moment I am inviting you to give your mind to the constitution of this proposed body?—I think there should be representatives of the Conference Lines; there should be representatives of the Governments; there must be representatives of the shippers. Whether the shippers choose to voice their views through the London Merchants Committee or through the Colonial Chambers of Commerce is for them to say.

130. Would you suggest that the Chambers of Commerce should be represented?—I think it would carry you too far unless you could get the Chambers to combine to nominate two or three representatives representing the whole of them, because you have a Chamber of Commerce in nearly every place in South Africa now.

131. Where is this consultative body to sit?—I think it should sit in London.

132. Do you suggest that the merchants of South Africa would, in regard to such vital questions as freight, be satisfied with the decisions of such a body?—No, I do not think they would, but I do not think they would be entirely satisfied with the decisions of any body.

133. Ought they to be satisfied with the decisions of a body which necessarily could not be in close touch

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with them and their interests?—Why not in close touch?

134. I put it to you that they, sitting in London, might not be able to judge accurately and reasonably of certain matters dependent upon the conditions of trade in South Africa?—I do not know that the conditions of trade in South Africa have quite so much to do with the matter as the conditions of the freight market at home, and I certainly think that the people sitting at home, who have some knowledge, anyhow, of South African circumstances, and in addition to that can, if they have not got it, obtain the knowledge as to the freight market at home——

135. This body is to be a purely consultative body?—I do not quite see my way to a body to lay down the law.

136. I do not want to press you if you tell me you have not considered the matter, because I only want to get your considered opinion?—I have only considered such a body generally. I do not know that you could give that body the power of life and death, because I do not know whence it would derive its authority.

137.. In your view at the present moment is legislation of any kind required?—Unless you can introduce legislation reducing the rates of freight by law, I do not see how——

138. You have qualified your answers more than once by "if" and "unless." Would you mind telling me, if you can, do you think that at the present moment legislation of any kind with regard to deferred rebates is needed?—I do not think it is.

139. I may take it that at the present time all the shippers and importers in South Africa are dependent, first so far as the rate of freight is concerned and secondly so far as the classification of goods is concerned, solely upon the goodwill and judgment of the members of the Shipping Combination?—Practically that is so, although you will find that Mr. Soper makes frequent references to a compact with the merchants. My experience is that compact was only referred to when it answered Sir Donald Currie's purposes. I do not think there is much practical value in that compact.

140. You mean the compact of the 9th March, 1893?—I think that is it, from memory.

141. How do you mean by "only referred to when it "suits Sir Donald Currie's purpose"?—I do not think it has got any practical value. I think whenever anything arises that helps Sir Donald and the Conference Lines then the compact is all right, but for all practical purposes, to my mind that compact can be treated as a *quantité negligeable*.

142. This is interesting, because I think that has not been suggested in the mass of evidence which we have had with regard to this subject. As you are aware, the compact defines the terms upon which the rebate is payable. Do you mean that the rebate is payable notwithstanding the non-fiulfilment of the terms of the compact?—Oh, no! What I mean to say is, I do not attach very much importance to this compact at all except in so far as if we ship by others of course we lose our rebate, or they have the right to withhold it. What I mean to say is that all compacts of that nature, to my mind, are of very little practical value.

143. I am not sure that I quite follow you. In what sense are they not of great value?—Sometimes there is something in the compact which suits one and sometimes the other. I do not know that I can make myself quite clear on the point. There must be, instead of a compact, a big Merchants' Committee, or a meeting of shipowners, some committee by which each will get into touch with the other, continuously in touch with each other, and who can debate questions. It is quite impossible at a public meeting, a Merchants' Committee meeting of 20 or 30 people——

144. Perhaps you are straying just a little from the question which I am putting. The compact of March, 1893, is a document, defining certain terms upon which the rebate is granted. In what sense is it a negligeable quantity?—I did not mean as regards the forfeiture of the rebate if it was not complied with. I do not know that I can make myself absolutely clear. I do not think that in its present form it is a workable thing, and I think you must have a workable compact if you are to arrive at anything.

145. Is it your opinion that the present system should be replaced by a system which should be framed by this consultative body composed of business men representative of all the interests?—Yes, that is my idea, but of course I quite see that one thing is not open to discussion by such a body, and that is that, provided you settle the terms of freight, then it must follow as a matter of course that rebates are forfeited if you do not stick to your agreement. I do not see how you can possibly avoid that, because it is the only safeguard the shipowners have.

146. With the present system of rebates, I take it that competition, so far as transit by steamers is concerned, is practically impossible?—It has not been so in the past, and it might not be in the future. I cannot say. Mr. Houston came into the trade when the system of rebates obtained. Somebody else may come in at some future time. I cannot tell.

147. You know, and we all know, how long Messrs. Houston remained in competition, and how the competition ceased?—I do not know exactly how long he remained in, but anyhow he remained in a considerable time, and he made contracts, such as Mr. Jagger's, which are still operative, although Mr. Houston is in the Conference.

148. At the present time all the shippers of goods requiring shipment by steamers have practically no choice. They must send by the Conference Lines on Conference terms. Is that so?—That is so.

149. Do you think that that is an entirely satisfactory system?—I do not think it is entirely satisfactory, and I am not prepared to say that I will continue to support it. All I am prepared to say is that I will support reasonable rates and the rebate, because I am not in favour at all of an open market.

150. Mr. Soper, with whom I understand you are in the main in agreement, states that in his view, if the rebate system is to be retained, the following conditions must be secured: reasonable rates of freight, modification of the terms of rebate system, abolition of preferential contracts, despatch of steamers at fixed dates, undertaking by shipowners not to take cargo on ship's account except only to fill up, new classification of goods, and a system of arbitration. In your view are these conditions required?—I think I can agree with everything Mr. Soper has said, but whilst I agree with it, I do not think it is all obtainable under any circumstances. I doubt very much whether the period during which rebates are retained can be reduced.

151. Do you think that the present system of six months and six months is quite satisfactory?—I do not think it is satisfactory, but I do think it is in accordance with what obtains in a great many other trades, and, as I have said, it would not be more satisfactory to me personally to have my rebates handed to me in cash when I paid my freight, because that would practically mean an open freight market, and that would not be satisfactory to me at all.

152. Would it, in your judgment, be an improvement if the period were shortened from six and six months to three and three?—Yes.

153. You would be in favour of that?—I would. I think the hold of the Conference Lines at the present moment is too great. I agree that they must have some hold, but I think if the period were shortened it would be reasonable.

154. What period, in your judgment, would be a reasonable period, securing the interests of the shipowner and at the same time doing justice to the shipper?—I think if they reverted to the 10 per cent. again, three months and three months would be reasonable.

155. You stated that in point of fact there had been an increase of the rates to Port Elizabeth?—Yes, that is so.

156. (*Chairman.*) You prefer a 10 per cent. rebate to 5?—Yes. I prefer 20 per cent. to 10, if they keep the rates the same.

157. (*Sir John Macdonell.*) The rate for Algoa Bay remains the same in the first class; in the second class it is reduced; in the third class it remains the same; in the fourth class it remains the same; and I think in the fifth class it remains the same. But, as you point out, you got a reduction previously of 10 per cent., and now you get one of 5?—Yes.

158. Do you consider there should be some machinery by which the changes in classification and changes of rates should not take place until there has been some previous notification of them?—I have not specially considered that, but I think that should be so. I think there should be some permanent committee or body to whom all such questions should be referred.

159. You are not now going back to the proposed consultative body. Do you now speak of the consultative body?—Either the consultative body itself, but that would be probably too cumbersome; say a committee appointed by the consultative body to confer with the Shipping Lines on all questions of what I may call detail.

160. In your view no such change, either in the rate of freight or in the classification of any particular article, should take place until such consultative body had had the matter brought before them. Is that your view?—That is my view.

161. Are you aware from your experience whether or not there exists a complete classification of articles in the same sense in which there is a classification of articles for railway rates?—No, I cannot say positively. I cannot compare the two, but I believe the classification for articles—shipments by seaborne freight—is a very complete classification. Whether it is as complete as that of the railway I do not know.

162. In certain statutes affecting railways—I am speaking of England—there is now a provision to the effect that any person may at any reasonable time obtain inspection of the existing classification and existing rates of freight, including special rates. Would you be in favour of such a provision?—I think so, but I do not know if it is impossible to obtain that to-day.

163. In your view, that would be on the whole a reasonable arrangement?—Yes, especially if there are no special rates for anybody except Government.

164. In any case, whether there were only such special rates or special rates in favour of other persons, would you be in favour of a proviso such as I have vaguely described—free power of inspection by everyone of such rates?—You mean that anybody could go into the shipping offices themselves and say, "Let me see what you are charging the other people."

165. The question I am putting is, whether anyone might go at a reasonable hour and ask what are the rates in existence to such-and-such places and what are the special rates?—Certainly I think so. Not as a matter of mere curiosity. Of course, a man must have certain definite business; he must ask with a view of business; he must not just go round on a sort of fishing enquiry. If a man has a parcel of a certain article to ship, I think he is entitled to know what the rates are.

166. There are some other questions which I should like to ask you with reference to certain matters, and you will tell me at once whether you are acquainted with them. Are you in any way acquainted with the coasting trade of South Africa?—Only in a general way.

167. Are you aware as to how the rebate system operates in that trade?—I cannot say that I have any special knowledge of that.

168. Have you any knowledge of the rates in the coasting trade?—I am afraid not.

169. Have you any acquaintance with the trade to Mauritius?—My people have.

170. Have you personally?—Not sufficient to give evidence.

171. Have you ever heard of an extra freight charge in that trade of so much per ton upon all shippers refusing to bind themselves for a fixed period to ship exclusively by certain vessels?—Yes, I have heard of it.

172. Does that system prevail?—I believe so.

173. In your view, is that a satisfactory system?—Certainly not, but I do not know sufficiently whether it operates in that way or whether it operates in the forfeiture of rebates. It may be exactly as you say, only I am not sufficiently well posted to say.

174. Are you acquainted in any way with the trade between South Africa and Calcutta?—Yes, but on all questions of detail I would rather you examined somebody who came more closely into contact with them.

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175. It is sometimes said that there has been a diversion of trade from England to South Africa and from South Africa to England in consequence of the deferred rebate system. You referred to the point in answer to a question which the Chairman put to you. Have you considered that question carefully?—Yes; I have tried in a sweeping sort of way to refer to it in the memorandum I put in, especially in relation to trade with America.

176. I was going to ask you also with respect to trade with Germany. Have you any reason to think there has been a diversion there?—I do not think there has been a diversion on that account because the rebate system prevails there also, but what does operate in favour of German trade is the fact that the German Government grants rebates over its own lines of railway. That, of course, is a matter we have no control over.

177. That is a matter between the railways of Germany and the shipping companies of that country?—Yes. That applies, of course, for inland towns.

178. A rate is given, say, from Mannheim, or other inland town, to a port in South Africa, which would be practically the same as the rate from Hamburg to South Africa?—Yes.

179. I learn from your answer that while there is very little back freight at the present time from South Africa, you think there is a prospect of an increase?—Of course, just at the present moment we are between seasons. There is no wool in the place. In the natural course of events, in the next two or three months there will be more.

180. I understood the Chairman to ask you what the prospects were as to an increase of one year as compared with another year, not one period of a year as compared with another period?

181. (*Chairman.*) I asked you, say, five years of ten years?—Exactly. That is what I understood.

182. (*Sir John Macdonell.*) I would again bring your mind to the same question as the Chairman put to you. What induces you to think that there will be in three, four, or five years an increase of back freight?—If I could take only one article—wool. After the war in certain districts there were practically no sheep left, and consequently no wool. Since that time the districts have been re-stocked, and the wool is beginning to come again. We have a good many connections in the so-called Karroo. When I was out there four years ago there were certain districts from which we got no wool at all, and we are getting wool from those districts to-day. That all tends to increase.

183. Is there any other article which occurs to you as illustrating what you state?—Every article, I should say. Take ostrich feathers, take skins, take mohair. I think the same thing applies all round. Of course, there is the question of seasons. If we get good seasons, as I said to the Chairman, we get large crops of mealies and other cereals, and that means larger exports. I do not know whether I am correctly informed, but I have been told quite recently there was an order for 10,000 bags of mealies executed in Natal and taken home by the steamship companies at 10*s.* a ton freight.

184. You would, I suppose, argue that if there was this increase, such as you expect in the future, the natural result would be a decrease in the rate of freights?—Yes, but I should expect that decrease to come first in the outward freight, because the Conference people always argue that they cannot lower the outward freight because there is so little homeward cargo. It follows that if there is a large increase in the homeward cargo, the outward cargo ought to be the first to benefit.

185. Supposing this revival which you indicate were to take place, then you would fairly expect a decrease in the outward freight?—Yes, I expect that now, but I think there would be still more justification for asking for it because the Conference Lines' strong argument is, "We cannot reduce your freight outward "because you give us so little home."

186. You distinguish between the outward and the homeward freight?—I think if we got more homeward freight, certainly the Conference Lines could give us

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cheaper outward freight, and very likely also cheaper homeward freight.

187. Are there any ports in South Africa which give considerably more proportionate back freight than certain others?—Yes.

188. Is Port Elizabeth in that position?—Port Elizabeth is in the best position. It gives more back freight than any other port. I should say East London comes next.

189. If freights were left, if it is conceivable, to be determined by free competition, then you would naturally expect that the freights to Port Elizabeth would be somewhat lower than the freight to other ports from which there is less back freight?—Yes, if they depended solely on the question of produce going home. Of course, that is a very considerable point in favour of Port Elizabeth, but there are a good many other factors which I do not think I ought to go into.

190. You mentioned, in some observation to the Chairman, that you deplored the line that had been taken by Sir Donald Currie in regard to freights to Natal. Do you not think it somewhat serious that it should rest with one person or with the various interests which he represents to determine so grave a matter?—I do. I have expressed my views very strongly on that very point to persons connected with the various South African Governments.

191. Would you not go on to say that such a power as that should be subject to some control?—I think so; in fact, I am positive of it.

192. If that control is to be really effective, ought it not to be a control not of a merely consultative body but of a body which should have power to give effect to its decisions?—Yes, but I see a very considerable difficulty in the way, because I do not know whether you can do it by legislation or not; it seems to me difficult to say what a man should charge for doing a certain thing.

193. While fully appreciating the difficulty of how this is to be done, you would say that if it is practicable it should be done?—Certainly, if it is practicable.

194. What objections do you see to there existing statutory power resident either in a court or in a body of arbitrators to determine such a question?—I do not see how it is practically possible, because if I were a member of the Conference I should very strongly object to letting anyone tell me what I should charge for doing a certain thing.

195. Naturally, we should all object?—Whether I were a member of a Ring or a member of a merchants' firm, I should very much resent anybody being able by law to tell me what my profits should be.

196. But if it were the case that you had a monopoly, and that certain persons in certain circumstances suffered from that monopoly, you would not be surprised that they should ask for such interference?—I should be one of those who suffer myself, and I would not be at all surprised; but I am afraid I do not see——

197. You do not see your way to its being practically carried out?—No, because I think there would always be a difference of opinion between any court and Sir Donald Currie as to what amount he should charge and what amount of profit he would make.

198. I am suggesting to you there might be a tribunal which should determine, according to its lights, the particular question?—I think it would be an excellent thing if it could be carried into effect.

199. (*Chairman.*) I should like to ask you if you have any interests in the Conference Lines?—Not one penny.

200. Not as an agent?—My firm here are agents. I thought you meant interested as a shareholder. My firm are agents for the Bucknall Line in Port Elizabeth.

201. You wish to put in as your evidence this statement about the shipping freights—present Conference rates to South Africa?—I only handed that in in support of my argument with respect to American freights. (*See Appendix V.*)

202. The American figures are curious, because some goods seem to come cheaper from America and some cheaper from England. Do you think there is any system in that? Is it accidental or are there special causes?—I do not think anything Sir Donald Currie or his colleagues do is accidental, but I have not gone into it sufficiently to know whether it is of *malice prepense*.

203. You will notice there are large differences; organs can be carried out from England at 30*s.* and 38*s.* 9*d.* from America?—Mr. Kayser informs me the "30*s.*" is a mistake. They come under "Musical "Instruments." I am afraid it is my mistake.

204. Is there any mistake about spades being charged more from America than from England?—Spades, 25*s.*, from America, 22*s.* 6*d.* from England. I cannot tell you from memory; I have had this prepared in my office.

205. It would be very valuable if we could get it carefully checked?—I will get it revised.

206. You cannot tell us of any guiding principle?—No, I am afraid I cannot.

207. Or whether it is on the principle which obtains on railway matters—what the particular goods will each bear?—I suppose it is on the principle of what pays them best.

208. (*Sir John Macdonell.*) I should like to have your judgment, Mr. Mosenthal, as to whether you think it would be practicable in South Africa to form a combination of merchants who would run a line of steamers or lines of steamers on their own?—In my opinion it is impracticable; I might say impossible and undesirable.

209. For what reason undesirable?—I think that a shipowner should be a shipowner and not a merchant. I think a merchant should be a merchant and not a shipowner. I believe that a line of steamers owned or managed or controlled by merchants would not last very long.

210. At the present time, is there any regular steamship service from the United States to Port Elizabeth?—Yes, I believe it is fairly regular. I am speaking from memory, and I do not come into absolutely close contact with these things myself. I believe there is a service twice a month.

211. Regular, in the same way as the services rendered by the members of the Combination?—As far as I know, not so absolutely regular as the mail boats; not even as the usual intermediates. The service is not so good.

212. Would the prevalence of fluctuating rates of freight and also of irregular sailings be a serious obstacle to business?—I think it would be a serious inconvenience, and I also think an open freight market would conduce to overstocking and flooding the market. I think, also, that if the merchant—the importer—acts as a shipowner, I do not see why shipowners should not act as merchants, and we might have large quantities of goods poured into the country just when it did not suit us at all, and when they were not required.

213. A shipowner might, when he did not find a full cargo, fill up his ship with certain cheap goods of his own?—Certainly.

214. And sell them at an advantage, he having an undue preference over others as regards freight?—Yes, but even apart from that, I think it is a question of "Cobbler, stick to your last." The merchant should be a merchant and the shipowner a shipowner.

SECOND DAY.

Chamber of Commerce,
Port Elizabeth,
Saturday, 7th September, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. CHARLES FREDERICK KAYSER, examined.

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215. (*Chairman.*) You appear on behalf of the Port Elizabeth Chamber of Commerce?—Yes.

216. Of which you are chairman?—Yes.

217. Could you kindly tell me the proceedings of the Chamber of Commerce which resulted in the answers to those questions which you are so good as to bring in. You had a meeting?—When it became known that we were answering these questions, some of the members of the Chamber thought a special meeting should be called, and a requisition was issued in accordance with the rules of the Chamber, signed by rather more than the correct number of members, to call a special meeting.

218. How many were there at that meeting?—I can give you the exact number—68. A resolution was moved that the answers of the committee should be confirmed. This, after a good deal of discussion, was carried, the voting being 29 to 9.

219. 38 out of 68?—I would like to point out that according to the regulations of our Chamber, only one member of a firm can vote, and, included in that 68 there was one case where there were three representatives of a firm present, so if you want a comparison you would have to find how many were really in a position to vote. You cannot take that as the proportion of the 68.

220. Twenty-nine voted for and nine against?—That is so.

221. In the preparation of these answers by the committee, were the committee unanimous?—As a matter of fact, there was no minority report. Before we had formulated these answers one member of the committee expressed his disapproval of the previous resolutions of the Chamber, in accordance with which we were formulating our replies. Perhaps I should explain that these replies were formulated on previous resolutions of the Chamber. It was not a question of the committee taking the power in their own hands and acting on their own. The previous resolutions had on all occasions been of the same tenour.

222. More than once resolutions had been passed, I suppose?—At least three times, and, in addition to that, on every occasion when this Chamber was sending representatives to the Associated Chambers—once a year the Chambers of Commerce in South Africa meet, and delegates are sent from all the Chambers and instructions given these delegates—on every occasion when delegates left this Chamber to meet the Associated Chambers the instructions were to support the position taken up by the committee. The last general meeting of the Chamber held was on the 7th June. We therefore, as a committee, thought there would be no possibility of any of the Port Elizabeth merchants or members of our Chamber changing their opinion between the 7th June and the end of August, and therefore we formulated these replies.

223. And you got them confirmed by a special meeting?—By 29 to 9. I would like to make a point of the fact that only one member of a firm can vote, so that the number voting would be considerably reduced.

224. How many members are there of this Chamber of Commerce?—99.

225. Does that represent the great majority of the mercantile houses here?—Yes.

226. There are not many outside?—There are very few.

227. You say there are 99 members, but of these there would then be duplicate members of the same firm. They would not represent 99 firms?—There are 99 separate firms.

228. That would mean more members?—No, each firm is represented on the Chamber by one of its members. Take my own firm—we have three partners, two of them are resident in Port Elizabeth; one of these two only can vote at meetings of the Chamber.

229. Just now you told me that at this meeting—you explained that several would not be able to vote because they were duplicate members?—That is so. My partner, for instance, was present. He and I could not form two votes, but he was counted as one of the number present.

230. If 99 firms are represented, how is it that there are not more members of the Chamber than these 99 effective members?—There are 99 who could vote, but only 68 people were present at that meeting. You asked me the number present at that meeting.

231. How is it there are not more members of the Chamber if you say 99 firms belong to it?—I will explain.

232. (*Sir John Macdonell.*) Are there 99 members or 99 representatives of firms?—The firms are members of the Chambers. Here is a list of the names at the beginning of this year (*handing in document and explaining*).

233. (*Chairman.*) In this list you only count them once?—Yes; there are 99 firms connected. We might have 300 people present representing firms.

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234. You have 99 firms, and of these you may say 29 voted for and 9 against?—That is so. That is not quite right, because the 99 firms may not have been represented at that meeting.

235. With regard to Question 1, you say, "Prior to "1st July, 1907, rebates were made up every six "months, on 1st March and 1st September, payable "nine months thereafter." Since that date it has been reduced to six months and six months. Dealing with the "reduction of the rebate from 10 per cent. to "5 per cent., the primage remaining the same as before "at 10 per cent.," that dated from the 1st July?—Yes, since that date the payments have been modified.

236. Then you say that "the conditions of the "South African rebate system applicable to shipments "from the United Kingdom are that the rebate is "payable to shippers who shall declare at the end of "12 months that they have fulfilled the conditions on "which rebate is given, viz., that they have neither "directly nor indirectly imported goods by steamers "other than those despatched by the Conference "Lines. The shipowners may, if they find it desir-"able, hold themselves free to consider whether or not "they shall at any time give notice to withhold the "rebate on future shipments made in Great Britain "in the case of shippers who, on the Continent, or in "the United States or elsewhere, may encourage oppo-"sition." Are you sure about the extension anywhere all over the world?—That quotation is from the company's circular of the 1st July. That is taken exactly as quoted there: "Shipowners may if they "find desirable."

237. Question No. 2: "Does or does not the mer-"chant in South Africa get the benefit of the rebate, "(*a*) on consignments to South Africa, (*b*) on consign-"ments from South Africa?" Your reply is: "The "benefit of the rebate is, as far as we are aware, re-"ceived by the merchant in South Africa, on consign-"ments to South Africa, and by the shipper on "consignments from South Africa." Then, Question No. 3 is: "In what cases, if any, have rebates been "forfeited by merchants in South Africa?" to which you reply: "We have no knowledge officially of any "merchants having actually forfeited their rebates, "but fines have been inflicted." Can you give me any instance?—I think you will have evidence to that effect before you leave here. I have got it, but I am not prepared to give the name.

238. (*Sir John Macdonell.*) You have knowledge yourself?—I have the particulars myself, but I do not think I am justified in giving them myself.

239. (*Chairman.*) The next question is: "What "objections, if any, have you (*a*) to the system of "Rings or Conferences, (*b*) to the system of deferred "rebates? Do you consider that these objections out-"weigh any advantages which are to be derived from "the system of Rings or Conferences and the system "of deferred rebates?" Your reply is: "(*a*) The "principal object of the Ring or Conference has been "to maintain rates of freight to South African ports "at an unnecessary high level, and to keep out com-"petition." I suppose the dispute would be as to what is an unnecessarily high level. What do you think is the proper level?—We think that should be ascertained by an open freight market. We state so in our answer.

240. How would you get an open freight market?—There would be competition then.

241. To get that open freight market, I suppose, it would be necessary for you to abolish the rebates?—Yes, I think so.

242. Before you can tell accurately as to whether these rates are unnecessarily high?—I think it is agreed that they are high.

243. (*Sir John Macdonell.*) By whom?—By practically every importer.

244. (*Chairman.*) Of course, you take into consideration the many advantages you get?—Yes, and I think in our reply we agree that some consideration should be given to the Conference for these advantages.

245. You cannot suggest any other way of getting at outside rates?—No, there would be no other way under present conditions, because, of course, the rebate is in existence, and you have 15 months' rebate hanging over your head. You could not take advantage of any low offers.

246. Supposing you abolish rebates so as to get this information, and find out what open competition would bring, you are rather bringing the sentence before you have got the evidence?—An attempt was made a little while ago, as you know. People who had the courage of their convictions are reaping the benefits. I am referring to the Houston contract. Mr. Jagger is to-day receiving the benefit of having his goods carried for him by the Conference Lines at these low rates of freight.

247. The people who engaged with him made a great sacrifice with their rebates?—I believe so, but I think it has paid them very well. I wish I had the same contract. I would have had, but they only wanted to give me three years. I offered to take it for five years. This (*handing in document*) is the information we received. It is a letter from Sir Donald Currie, dated the 23rd May, 1907, to Mr. Soper. You will find that quoted exactly in the Committee's reply.

248. Then you say, "The Ring or Conference has "been successful in attaining these objects, and has "absolutely fettered traders in the free choice of sea "carriage. (*b*) The system of deferred rebates has been "an effective means of enabling the Ring or Conference "to achieve its objects, and as they are always in "possession of considerable sums of money, repre-"senting deferred rebates, merchants and shippers are "precluded from supporting any opposition steamer "which may enter into competition with the Ring or "Conference, under penalty of forfeiting the rebates "referred to." Have you ever thought of a modified rebate system, in which every seven years, or some time, the rebates should go back to the shippers?—I have thought of it.

249. How would it suit you?—As a Chamber, of course, we are opposed to any rebates whatever, but if you want to know my private opinion, I can say that during the American competition we were approached by the Union-Castle Company—we were rather large importers from America at that time—to know how far they should meet us in that matter, and a great number of promises were made as to meeting rates and that sort of thing. Perhaps, I was a little bit sceptical of verbal promises made by the local agents. I had on previous occasions made verbal arrangements with the local agents which had not been confirmed, because the confirmation had to come from London, and, therefore, in that instance I determined that anything I did do should be absolutely in black and white. I have papers in my possession in which I offered to accept the three months' deferred rebate if they wanted some guarantee of our *bonâ fides*, but a counter-offer was made of six months.

250. That is as regards the payment of the rebates. It has been suggested to us by one witness that there might be a term, *i.e.*, that every seven years importers should be able to reconsider their position by getting all their rebates paid or returned to them and starting afresh?—I should be opposed to that, particularly on a term of seven years.

251. It is the principle of the thing?—It would have to be a very much shorter term before I would think of it, personally. The majority of our Chamber would be opposed to it I am certain.

252. There is another modification which that circular already makes, that is, a reduction of the rebate from 10 to 5 per cent. What do you, as a Chamber, say to that?—That is no advantage. The principle is still the same.

253. Less of your money will be retained?—I do not know what other members of the Chamber think. As far as I am concerned, if I have a rebate at all I would rather have 10 per cent. because it is a profit. The consumer does not get the benefit of the 5 per cent. If the consumer is going to benefit, you must have open competition, and that would be my point.

254. Surely, if you object to these rebates, and the hold which the shipowners have over you by them, would you not prefer that the hold should be lessened? If you cannot get the hold abolished altogether, would you not prefer there should be a less hold?—I prefer to have none at all; I prefer to have no rebates whatever.

255. Of course, if the 10 per cent. was reduced to 5, your rate is increased by that 5, and supposing the rate was put down so as to allow for that 5 per cent.

reduction in what is being returned to you, would you not be in a better position then?—Then, of course, you would get a reduction in freight of 5 per cent. What we have to-day is an increase of freight. The only advantage is, we save a little interest. That is, we have only 5 per cent. of the rebate deferred, whereas before we had 10 per cent. deferred.

256. Take a rate of 20*s.* If you get 5 per cent. off that rate, reducing it to 19*s.*, and the rebate reduced from 10 per cent. to 5, would not that suit you better?—We would save a trifle in interest. That is about all under those circumstances, but if the 5 per cent. were taken off the rate it would be an advantage. But the principle would still remain the same.

257. You object because it is not taken off the rate?—That is so; we consider that an arbitrary action.

258. You say, "It has been stated that the rebate "system enables the Conference Lines to supply mer- "chants with continuous tonnage for the shipment of "their goods, and that the abolition of rebates is "incompatible with the preservation of reasonable, "uniform, and maintained rates of freight." You agree that there is a great deal in that?—"The rebate system "enables the Conference Lines to supply merchants "with continuous tonnage for the shipment of their "goods, and that the abolition of rebates is incom- "patible with the preservation of reasonable, uniform, "and maintained rates of freight."

259. You told me just now you did not think these rates are reasonable?—I think the rates are unreasonable.

260. You admit these advantages which you get from the continuous tonnage, and the uniform and maintained rates of freight?—As far as I am concerned, I do not insist on having uniform and maintained rates of freight. I do not think there is a great thing in that.

261. In the discussion at your Chamber, did you gather that your Chamber did not care about that?—We clearly say so—yes. "This Chamber considers "that any advantage obtained by the system of deferred "rebates is considerably outweighed by the objections "already referred to." I, personally, do not think there is very much in it. I think there is too much made of it.

262. It is also argued that an open freight market would introduce an unsettling element in competitive rates that would disorganise trade?—I think there is a good deal of bogey in that.

263. You think that is exaggerated?—My opinions are based on the result of the American fight. I did not find that affect us in that way during the two years it was working; in fact, I would rather like to have a repetition of it as far as I am personally concerned.

264. "In reply to the foregoing statements, it may "be pointed out that such effect has not followed the "abolition of rebates in connection with the United "States-Cape trade. This trade has been maintained "by steamers working under a Ring or Conference "system, which has succeeded in driving off and "keeping off competition, but without the additional "support of a rebate system has had to maintain a "rate of freight relatively lower than that charged "between the United Kingdom and the Cape." I want to ask you about this. There were great increases in 1896 in the imports from the United States to South Africa. Were you in the trade then?—Yes.

265. To the Cape the imports rose in that year from £873,000 to £1,739,000. Since then they have kept up. The last year or two they have gone down with the general decline of trade. Can you remember what caused that great rise in 1896. Was it a question of freight so much?—I am not certain of what happened at that time. I think the Hansa competition was in 1901.

266. In 1902-3 you had a very large increase; the American trade went up to 4 millions and a half in 1903. That would be about the time of the Prince competition?—That would be about the right date. I am not prepared with that information, but it can be ascertained. As far as I remember, the Hansa competition was in 1900 or 1901, because I happened to be in America at that time. I think at that time it was simply the general trade. I do not think there were any special causes that I remember, unless it was that we were still chartering sailing vessels at that time—in 1896—and that, of course, was put a stop to by the steamship companies. I believe that was the date.

267. You refer to the rates from America being lower at the present time?—If I could have the date on which the rebates began in America I might be able to explain it in that way. In about that time we were then importing largely by sailing vessels. I can get the dates by referring to our books.

268. You have been some time in the American importing business?—I commenced business as a junior in a house which imported almost solely American goods, and have been in that class of business ever since, although to-day we are doing, perhaps, the larger proportion of our business with the United Kingdom.

269. You import what pays you best, either from the United States or otherwise?—Yes. There is no question of sentiment. Before I give you the date, I want to tell you that before the steamship companies included sailing vessels in their rebate arrangements—that is, a circular was issued stating that parties shipping by sailing vessels would not be able to secure the rebate—for some time the merchants in Port Elizabeth were very united in the matter, and a document was signed, which is in possession of the Chamber now, by which we merchants bound ourselves not to accept the rebate by steamer; and sailing vessels continued to be chartered until the expiration of that agreement. (*See Appendix VII.*)

270. (*Sir John Macdonell.*) We should like to have the date of that agreement?—I will obtain it. Sailing vessels for a long time were chartered, principally by four or five firms here. My firm took a leading part Every merchant who assisted in contributing the freight got all the advantages which accrued—that is, they got the goods at the actual cost of charter plus the loading charges in New York. This continued until some years after the circular I am speaking of—until we found that merchants were not prepared to continue to do away with their steamship rebates, and, I suppose, trade got a little worse. Anyhow, we were not able to charter the large-sized vessels we had before, and gradually it ceased.

271. (*Chairman.*) Gradually you came into the rebate system?—Yes. It was not for very long. I can give you the date when the document comes. With sailing vessels made impossible, we had to get the rate of freight at the lowest price by steamer.

272. I suppose the American trade is rather complicated by the great Trust system. You get a good deal in the way of exports at lower prices than are obtained in the States—what we call "dumping"?—We do not have any of that class of trade here. In England a man sells his surplus stock and realises. Here, the merchants pay for everything they buy.

273. Are not you helped by the operations of these Trusts, which, at any cost, have to get rid of their stocks from America at lower prices than paid by the people of America, such as in certain sections of the iron trade, wire, and various things?—I have never understood that to be so, that they made a speciality of that. We hear of that in the Continental trade. I do not think we suffer in that way here.

274. Anyhow, you have a biggish American trade, which you would not have unless you found you can get the goods from there at a cheaper price than you can get them from the United Kingdom?—Yes, and I would like to point out that anything coming from America must pay a duty here. There is a protective rate of at least 3 per cent.

275. If the general duty is 15, the preferential duty would be 3¾?—I would like to make that clear. Mr. Mosenthal explained yesterday that he did not know the details of these things. The rebate is not given in the shape of 25 per cent. off the duty. There are different articles, and the better way would be for the Commission to accept a copy of the Chamber's report, which would give them the whole of the facts. Fencing wire was mentioned yesterday. The duty from America is 3 per cent.; from England it is free. The same applies to agricultural implements.

276. It is not a general 25 per cent.?—No. In the general goods the duty is 15 per cent., with a rebate of 3 per cent. English goods would pay 12 per cent.,

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and American or Continental goods 15 per cent. If the Commission will accept this report they will find the requisite information. With grain there is only a rebate of 2*d.*—1*s.* 10*d.* upon British grain and 2*s.* for foreign. So that you must get away from the fact that it is a 25 per cent. preference; it changes according to the class. With 25 per cent. duty goods, there are some cases in which we pay 25 per cent., and there is only a rebate of 3 per cent.

277. Has there been a large effect from these preferences in checking the imports into this country of goods from the United States?—I do not think there is any doubt about that. There has been an effect.

278. I notice that in 1905 imports went down from two millions sterling to a million and a half. Was the preferential rate in operation then?—Yes. It was a larger preference then.

279. (*Sir John Macdonell.*) How long has this preference for British goods subsisted?—From 1903.

280. (*Chairman.*) Surely in the trade from America the changes have been a little complicated by this preferential treatment and by the prices of things in America, and, possibly, by the operations of the great Trust Companies there?—Of course, a merchant in buying goods takes the whole cost into consideration. Before we purchase a large quantity of goods, we work out the cost from the various countries, taking into consideration the difference in duty.

281. Anyhow, your opinion is that the effect of the abolition of rebates in the United States trade has not unsettled trade?—It has not in my business.

282. Then you sum up, "This Chamber considers "that any advantage obtained by the system of "deferred rebates is considerably outweighed by the "objections already referred to." With regard to Question 5, you say, "There are some classes of goods "as to which the country of origin is not an essential, "the principal factor being the freightage. As the "rates of freight have, as already stated, been main-"tained at a high level owing to the rebate system, "trade has been diverted from the United Kingdom "to the United States, owing to the lower rates of "freight obtaining from American ports." We had some tables of freights showing a number of articles, put in by Mr. Mosenthal yesterday, one of which he was good enough to correct. I have been through them, and I notice, it seems to me, to be about as broad as it is long. About half the things imported from England get the lower rates, and about half from America?—I think, looked at by a gentleman who is not in the trade, it is quite misleading to take it in that way. Take one article—"organs." Even if the rate were 20*s.* more from America, you would still import organs from America. You cannot make them in England. Take, for instance, doors. There is a difference of 2*s.* 6*d.* You cannot get those doors in England. If the freight were 5*s.* more you would still get them from America. It is very misleading to look at a thing of that kind. Those articles must come from that country, even if you charge a little more freight it will not make any difference, and the steamship companies are business people, and want to make as much as they can.

283. I daresay that is true, but why do you say lower rates of freight obtaining from American ports?—That is an absolute fact. Trade has been developed owing to these lower rates. I have imported goods myself. If Mr. Birchenough had been here I would have asked him to confirm my statement. He was thunderstruck to find goods of that description coming from America. The sole reason was the lower rates of freight.

284. If this table is correct, in quite half these goods the English rates are rather lower than the American?—It is where the American rate is lower than the English that the effect comes in. I have not gone through every item. You will find in cases where it is so—where the freight is lower from America—it would affect the trade.

285. Take jam, 30*s.* English; 33*s.* 9*d.* American. I suppose those are all English?—I have yet to learn that they import jams from America. That is simply a blind. There is nothing in it. I would like to point out that there is no classification. The Chamber of Commerce cannot get a classification.

286. Do you not think that statement wants modification?—I have to repeat that that is our opinion.

287. What you describe is, I suppose, a sort of commercial gerrymandering; you have rates lower from England when the goods cannot come from England?—I think you will find in most cases where the rates are higher the goods do not come from America. Take jams; if you made that 40*s.*, you would still have the same argument from your point of view, but I would pass it over, because I know jams would not come from America.

288. (*Sir John Macdonell.*) Tinware, &c., English 22*s.* 6*d.*, American 33*s.* 9*d.* Does tinware come from America?—It comes from the Continent or England. I would not be surprised to find that tinplate is imported into America to manufacture these goods.

289. (*Chairman.*) You go on to say that "the system "in operation in Germany of reduced rates from in-"land towns to the ports for export is distinctly "prejudicial to British trade. It is stated also that "the German Government subsidise their steam lines "to the ports of South Africa, and by that means put "their manufacturers and exporters in a position to "compete successfully against British competitors for "the trade of British Colonies"?—With regard to that clause I would like to say it is a very important matter, that question of the German Government subsidising their own lines.

290. That is done on the east side of Africa?—It affects this trade. I may say that one of the firms in town has handed me some information on this subject, which I think should be put before the Commission. It particularly refers to pipes which came from inland Germany, and the statement here is:—"We have "had various discussions on the subject of German "competition, and have drawn attention to the fact "that their trade has very materially increased, es-"pecially owing to the German manufacturers having "a through rate from a certain town in Germany to "Delagoa Bay, and, we understand, Durban, by which "big pipes are carried at the same nominal rate we "have to pay, but with this difference, that they "charge a weight rate and we have to pay a measure-"ment rate." This is comparing the fact that they ship through the Conference Lines. I am not blaming the Conference Lines for this, but I think it is only fair to point it out.

291. (*Sir John Macdonell.*) You do not make the Combination responsible for that?—No. "We have "to pay at a measurement rate, which makes a differ-"ence to us in a 24-inch pipe of £5 per ton, which we "have to pay, against 40*s.* per ton which they have to "pay." That is, the Germans. This is a matter that I cannot talk of from personal experience. I am giving you the evidence placed before us by a firm in Port Elizabeth. If the Commission want to get further information I am sure it can be obtained. If you would like an abstract of this letter I will have it typed for you.

292. (*Chairman.*) I would like to have an abstract, because we have had other information of the same kind in London. Are there great imports by German vessels here? Do German goods come by German vessels?—Not in all cases. My experience is that the goods I have myself from the Continent come by the British Conference Lines.

293. The Germans have a Conference?—Even so, I personally instruct our shippers in London that they must not use the foreign line if they can possibly use the British line, so it is only in case of c.i.f. quotations that my firm would have goods by the German line, and that is particularly what is meant by this objection—c.i.f. quotations. Only a few weeks ago I had a call from the local representative of the Union-Castle Company with regard to one special line we were importing which came by these German boats, and I pointed out to him that so far as I was concerned the reason they came that way was because I had no control over the freight.

294. Is it a fact that the German Conference and the British Conference work in agreement in a way, so that goods from Germany have to come by a German Conference Line, do they not?—I do not know. I was getting goods at a lower rate of freight from the Continent for a long time than I could from England.

295. And you did not forfeit your rebates?—They came by the German Conference boats, and they

carried them at a lower rate. I do not mind naming that article—it was cement, on which the freight is very low. I believe to-day the rate is the same. The British companies reduced their rate.

296. With regard to the sixth question, you say: "It is admitted that for the maintenance of an efficient "service—such as we now have in the South African "trade, and in view of the absence of full return car- "goes for steamers engaged in it—rates of freight out- "ward must be relatively high to ensure a fair and "reasonable profit to shipowners, we would be satisfied "to accept rates regulated by the ordinary laws of an "open freight market, and are of opinion that the "level so arrived at would prove the existing rates by "Conference steamers to be fixed on a scale unduly "favourable to owners." That brings us back to the old difficulty about having a good standard to compare with. Do you think taking the rates of chartering vessels would be at all a guide?—It must be a guide, but we would not expect to get freight at the cost of chartering vessels.

297. There would be considerable additions made?—Undoubtedly. Then we say clearly that you must take into consideration the efficient service. There is no question in our minds that we recognise the efficient service we have, and I think the Chamber have been very clear in the way they state that they believe without the rebates the freight would still be held by the Conference Lines. We point out the American trade, which is absolutely in the hands of the Conference steamers. There is no other freight obtainable. But if the rates there were advanced to such an extent that I, as a large importer of bulky merchandise, could charter a sailing vessel or a steamer, I would do so. So long as the rates are reasonable, as they are now, particularly in the bulkier lines, I cannot charter. The steamship companies know their business. We cannot teach them anything in this country, and they know that before merchants can charter sailing vessels from America there would have to be a substantial increase in the rate of freight, on lumber particularly.

298. You would charter sailing vessels if you chartered at all?—Yes, because I do not think any combination of firms in a town like Port Elizabeth could charter a steamer. We could not supply the tonnage.

299. You say it is a certain hold over the rates from America that you can charter a sailing vessel if the rates were to rise very high?—I am expressing my belief as to the reasons for the present rates of freight from America, and to prove that belief I say, if the steamship companies were to advance the rate on certain bulky articles to-day, it would not take very long before I had some goods coming in my own "charter."

300. With regard to the export of raw gold, is not this statement rather incorrect? You talk about 24½ million sterling, the annual average export of gold. Surely it is not so much as that?—I believe that is correct. It is in the annual report.

301. I have the abstract prepared at the Board of Trade in London. That shews something nearer 18 as an average?—I believe you will find the figures correct. Three-eighths per cent., I understand, is the rate.

302. Is not that with a discount of 2*s.* 6*d.*, or something of the sort?—I do not know. It is difficult under present circumstances to know what is exactly the rate.

303. If it is 5*s.*, and the average export is 24 millions?—You reduce that to £60,000.

304. If it is 18 millions you reduce it again to £45,000?—Yes. I may say the figures in our report are Government figures. The Statistical Bureau figures for the Cape Colony for the 12 months ending December, 1906, were £24,409,140.

305. I should not agree that was an average?—That is the actual figure for twelve months.

306. You say, "Take the annual average value," which is a very different thing. Averages mean a series of some years?—You might take the average of the years of the Transvaal war.

307. You take an average of last year?—This year it will be much larger, so if you take an average of the two years you will find we are under it. I think we have to take actual figures.

308. I cannot accept that statement as an annual average?—I will qualify that by saying that the exports for the 12 months ending 31st December, 1906, were 24½ millions. I would like to say that for 1907 this amount will be exceeded. It has been exceeded already proportionately.

309. You say the rates from Australia are so much, and then you say, "In the absence of competition we "are unable to say whether the rates from South "Africa to the United Kingdom are excessive or not, "but we believe that if an open freight market existed "lower rates would prevail." There is not much chartering in that, is there?—No. Of course, I have no connection with the export trade. All I know is that when steamers have come on outside of the ordinary steamers there has been a reduction for wool. But the produce people are giving evidence themselves, through their chairman, and I believe their evidence is definitely in favour of the rebates. They will give you the actual information, and say definitely whether lower rates do occur when other vessels are put on.

310. You think they are satisfied with the present system?—I believe they are giving evidence to that effect, and certainly, with the exception of one shipper, those I have spoken to have said they are.

311. With regard to preferences, you say, "A "grievance that has been consistently brought forward "by this Chamber is that the Conference Lines enter "into contracts with South African Governments, "mining companies, and large shippers at lower rates "than accorded to ordinary shippers, preference being "also given to municipalities. Those contracts are "in direct contravention of the compact between the "Steam Lines and the South African Merchants' Com- "mittee, made in 1893." Does the Chamber know whether there are a number of these contracts in operation now?—Of course there are Government contracts. I believe there are one or two municipalities. I know that the Port Elizabeth Municipality has none.

312. You do not know about the rest. You think so, but you cannot say for certain?—I know of one or two contracts. I know of one contract from America which is lower than the rates I have to pay.

313. It is a Conference contract?—Yes, I am prepared to put that in. I will give the information in private. It is a contract which I can get the advantage of, only I must ship through that private firm. I cannot ship through our ordinary channels.

314. With regard to "Can the South African mer- "chants combine," &c., you say, "Were they free in "their choice of sea freight it would be quite prac- "ticable for merchants to combine in the charter of "tonnage in the open market, but in effect the bulk "of the trade would always follow the Government "mail contract, and were that contract fixed by an "open competition, with provision for regularity of "sailings and equal rates to all shippers, the con- "tractors would be protected against undue competition "from the open market." This is a matter for your Government here, is it not?—Yes; and the other South African Governments. There is some contribution by the other South African Governments with regard to the mail contract.

315. That contract is falling in before long, is it not?—There is some considerable time to run.

316. Then with regard to the remedy, you say, "This Chamber has consistently urged that, as a "remedy for the evils of the Ring or Conference, legis- "lation should be enacted by the several Governments "making rebates illegal." Have you considered the proposed legislation of a year and a half ago, on which the Governments were represented in London? Mr. Jagger also had a Bill there. You have not considered this, I suppose?—I do not remember.

317. The two first Bills were founded on the resolutions of the Johannesburg Conference held in 1904?—Do you mean our South African Governments—which provided for the Harbour Board getting dues? That we discussed, but we thought it impracticable. I think we were examined on that at the Cape Town Conference.

318. You have not considered what form such a Bill would take to make the rebates illegal?—Of course, the only other Bill that we know of is the Elkin Act in America. We can only suggest remedies and leave it to lawyers to arrange the other part. I would like

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to point out in that connection, with regard to the answer to Question 9, the fact that the Associated Chambers of Commerce this year passed a very strong resolution on the same subject. I am not sure that you have the resolution in your hands.

319. I think we should like to hear it?—"Moved by "Mr. Jagger. This Congress is of opinion that the "present rates of sea freight from the United Kingdom "are excessive, that the rebates of freight by the Con- "ference Lines should be abolished at the earliest "possible moment in order that a fair competition "may be established amongst the various steamship "lines for the future. This Congress would therefore "recommend that in entering into contracts for the "conveyance of stores and material for the South "African Colonies, the Imperial and Colonial Govern- "ments should stipulate that the contracting steamship "company should agree (1) to give no rebates to any "charterers whatsoever; (2) not to enter into any "combination having for its object the maintenance of "rates of freight about the ruling rates in the open "market." This was carried.

320. Has your Chamber ever considered that draft agreement which came before the Conference in London rather more than a year and a half ago? The ship-owners met representatives of the Governments here, and the rates wanted by the Governments here were not come to; there were some little differences, but as regards some of the provisions in the agreement we were not so very far off coming to an arrangement. Your Chamber had not considered that?—As far as I remember, they have not been before us. The Secretary says not. With regard to the American matter, this document is here if you care to see it. I see the circular is dated 1898. One document is dated 22nd March, 1894.

321. (*Sir John Macdonell.*) You quoted just now the Resolution of the Associated Chambers of Commerce in regard to rebates. Was that resolution, the one which you read from the Blue Book, arrived at unanimously?—As far as I remember it was. The document does not say that. My impression is that it was unanimous.

322. The Resolution of your Chamber was arrived at by 29 votes to 9?—Yes.

323. So that opinion in Port Elizabeth is somewhat divided on this question?—There were 9 votes against it.

324. Do you think that the votes given in favour of the rebate are votes given by a particular class of the community who may have an interest in the continuance of the rebate system?—Of course, the speakers at the meeting were mostly produce people. The amendment was proposed by a regular importer, and seconded by the only member of the Chamber who has before spoken in that way.

325. Should I be right in saying that in your judgment the opinion of the merchants in Port Elizabeth, as distinguished from the produce exporters, is against the rebate system?—Undoubtedly.

326. And on the other hand, the opinion of the chief produce exporters is favourable to it?—That is certainly what has been told me.

327. From your wide experience and knowledge, should you say that that is true generally of the ports of South Africa?—Until last week or the week before I would have said so, but you are probably aware that some of the East London people have changed their minds.

328. What has happened last week which makes you not so sure?—The East London Chamber had a meeting at which they were divided. Of course, you will ascertain proof of that yourself. I must answer the question as you put it to me. If I had been asked the question a fortnight ago, I should have said, "Undoubtedly, throughout South Africa that is the "feeling."

329. When it is sometimes said that the opinion of the mercantile community of South Africa is unanimously against the continuance of deferred rebates, I am to understand that that is not strictly correct?—Do you mean with regard to the produce? Of course, to answer that you have to take into consideration the steamship companies tell us produce is not a factor

330. I want to know your opinion of what the fact is?—The produce people seem to prefer the rebates.

331. Are you much concerned in the export trade?—Not at all. I, personally, do no export trade.

332. I was going to ask you some questions as to the way in which the form of business is conducted in the export trade, but perhaps you wish these questions should be asked of someone else?—I cannot answer any questions on the export trade, except as stated in the Committee's report.

333. In your answers to the questions, you mentioned in answer, I think, to Question No. 1, "The shipowners "may, if they find it desirable, hold themselves free "to consider whether or not they shall at any time "give notice to withhold the rebate on future ship- "ments made in Great Britain in the case of shippers, "who, on the Continent, or in the United States of "America or elsewhere, may encourage opposition, in "order to bring about reductions of rates in Great "Britain and thereby disorganise trade." You referred me, I think, to a statement in a letter by Sir Donald Currie of the 23rd May. I see that this letter takes the form of a proposal?—Yes.

334. Are you aware whether or not that proposal has been carried into effect since May?—We know, of course, that the 5 per cent. rebate part of it has been carried into effect.

335. I am calling your attention for the moment to that, which you pointed out to me in paragraph 7. Do you know whether that has been carried into operation?—No, but from our experience in the past, if a suggestion of that kind is made it is generally carried out. We look upon it as being carried out.

336. Do you mean you think it will be carried out?—It is impossible to answer that question, because the rebates are not due for 15 months after, and in this case 12 months after, and that being only dated May, we cannot ask about it until 12 months ahead.

337. Might I call your attention to another part of your answer? "This constitutes a direct evasion of "the Elkins Anti-Rebate Act of the United States of "America." I am not sure that I know what a "direct "evasion of the Elkins Anti-Rebate Act" means. Do you mean that the Act has been infringed?—I do not know that you can infringe an American Act in London. It is a way of getting behind it. Perhaps that is a better way to express it. They cannot enforce them in America, so they enforce them by making the rebate on freights from England contingent on loyalty in shipping from America. That is the meaning of that clause.

338. The suggestion is, that something is done which if it were done in the United States would bring those who did it within the terms of the Elkins Act?—Yes.

339. Assuming that to be so, are you sure that that which you describe here would be a breach of the Elkins Act? Have you read that Act?—I have. That Act, as far as I remember, said that no rebates shall be given.

340. Are you confident, having read that Act, that it has anything to do with deferred rebates?—I understand it has to do with all rebates directly or indirectly. I am not a lawyer.

341. Here your Chamber, no doubt after ample and careful consideration and with full knowledge of the facts, has referred to the Elkins Act, and you tell me that you have read that Act. Would you mind explaining to me how there is an infringement of the Elkins Act?—We do not say "infringement"; we say "evasion."

342. I assume you mean that if what is done here were done in the United States it would be an infringement?—I understand it would be.

343. I do not want to put you in a difficulty, but it is rather an important point. There are three statutes dealing with this subject, so far as the United States are concerned; there is the Inter-State Commerce Act, the Anti-Trust Act, and the Elkins Act. I put it to you that the Elkins Act cannot be understood unless you refer to the Act of 1887—the Inter-State Commerce Act—and that that Act (reading the two together) is intended to affect only common carriers that are required under the statute law of the United States to file and publish their rates. I put it to you whether your Chamber have been advised that, under any of

these three Acts to which I have referred, the deferred rebate system would be illegal?—We have not taken an opinion ourselves, but as far as we know there is no rebate given. It ceased when the Act came into force.

344. It is only right that I should mention that there is a provision, not in the Elkins Act, but in another Act—the Act of 1900—according to which any contract in restraint of trade is deemed to be illegal. I put to you this further question. The Act to which I now refer deals with all businesses—railway and mercantile business generally—and the question I ask you is, whether you would not think it would be somewhat unfair to legislate specially against shipping companies in particular and not against other combinations in restraint of trade?—I think it would be perfectly fair to legislate against other corporations too, if they have deferred rebates.

345. You are referring here to the Elkins Act, and I am calling your attention to the fact that the United States legislation does not deal specially with shipping companies or shipping rebates but deals with all mercantile transactions in restraint of trade. Do you not think it would be fairer to deal with such contracts or combinations in some general legislation?—That rests entirely with the Governments.

346. You think that the effect of the deferred rebate system is to maintain rates at an unnecessarily high level?—I do.

347. Then you also state very frankly that there is no very certain criterion of what would be the proper level of rates?—Under present conditions, no.

348. Therefore, what the rate would be if there were no deferred rebate system is more or less a matter of conjecture?—Except that it would be very much less than it is to-day.

349. Is not that also a matter of conjecture?—I do not think so. I would be inclined to say it would be so, without fear of contradiction.

350. You stated to the Chairman that in order to arrive at what the figure would be in the event of the deferred rebate system being abolished, certain additions must be made to the chartered rate. Have you attempted to figure out what these additions would be?—No, *sir*; I have not.

351. What elements would you take into account? You would take into account, I suppose, the additional rate of insurance?—Certainly.

352. You would also take into account the superior character of the present vessels?—Due allowance would have to be made for that.

353. You would take into account the regularity of sailing?—I think that course is in the interests of the companies themselves.

354. To some extent, is it not an advantage to the importer?—Yes, to some extent, but if the company did not have regular sailings they would not get the business. They do that in their own interest. I do not think that is a matter that the merchant has to think so much about.

355. You think that, quite apart from the deferred rebate system, the companies would find it to their interest to have a regular service?—Undoubtedly.

356. Do you think that when it is alleged the regularity of the present service is due to the existence of a deferred rebate system, that really is a mistake?—It is rather difficult to answer the question until you know what actually exists, but I know that a line having a regular service would have preference. It must be so. To shew why I think they would get preference, I may say that, as you know, we cannot get delivery at the ports in a fixed time. If I took an uncertain vessel, goods might have to lie there six weeks or a month, which would be inconvenient. Therefore, the line giving the regular service would get the business.

357. I suppose you would also say that as the trade of a port developed and increased, the service was bound to become more and more regular—deferred rebate quite apart?—In order to keep out competition they would have to do so.

358. You referred to the figure that ruled during the time of the Houston competition, but I suppose the rates during that time are no fair criterion of what would be a living rate for the Companies?—I agree with that. The rates then I consider were ruinous.

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359. It is not very instructive to quote rates which ruled during that time?—From America to this port? I have already said I do not think they are fair rates. They were too low. You could not have chartered steamers at the same rate.

360. There is a point I should like to have cleared up. As I understand, the Prince competition in the United States was somewhere about 1902?—I think it was later than that.

361. You take it to be a little later than that. I have before me here the figures of the imports from various countries into British South Africa. Taking the average from 1886 to 1890, it was, I think, £308,000. I take the next five years' average; it had risen to £615,000. Then in 1896 there is a jump to £2,412,000, and the following year, 1897, £2,748,000. I am not sure I understand what is your explanation of that increase. Can you suggest some explanation?—It is ten years ago. It is rather difficult for me to say. I do not think that either the increases or the decreases were due to anything other than the state of trade in this country.

362. Not really to the low rates?—If there were specially low rates ruling from America and high rates from England, naturally some goods would come from America that would not come otherwise.

363. The great increase in the exports from America seems to have taken place before these low rates from America—that is the point I am putting to you?—There may have been come special reasons for it. I cannot say what they were without refreshing my memory. With regard to that point, I would point out that it is only goods that should be usually imported from the United Kingdom and Germany that would be diverted to, say, the United States. It is only competitive goods, and it is only when the rate of freight made such a vast difference on really bulky goods. I have one line in my mind now. It is not a very big line, but it seems to me it certainly did rob the British manufacturer. That was a line like cast-iron baths, which you naturally expect to come from England. I imported a large quantity of these baths from America, and the freight was 10*s.* There was 15*s.* saving on each bath. That was during the Houston competition, and it is not a fair criterion. I am only giving that illustration to point out that it is only when the rates of freight are very large that orders for goods go to another country.

364. Clearly understand I am not cross-examining you. I am not seeking in any way to put you in a difficulty. During the time that the low rates prevailed, I suppose, so far as they had any effect upon prices, the consumer benefited?—Undoubtedly, to a certain extent. A merchant does not give away more than he can help, but competition makes him give away. In South Africa particularly I have found—I am not by any means one of the older merchants, and therefore I have to speak as a man still gaining his experience—but my experience of South Africa is that immediately there is a reduction in the home market we all seem to be very anxious to give it away at this end, but when there is an increase in the home market and we have goods lying here that cost us small money and we could get a higher price for those goods, which would be the only business-like course to do, we do not do so until we find our higher class goods coming in, so we do not get the advantages we should do of the change.

365. Do I understand that during the time these rates prevailed the consumer did get, in part, the benefit of them?—In part, and to a very large extent.

366. In speaking of the rates being unnecessarily high, do you think that that affects seriously the prices of any articles to the consumer?—Undoubtedly.

367. Could you give me an instance or two to shew what you have in your mind?—Must I specify articles?

368. I would rather if you could?—In specifying articles it is a point, but I think I might state generally. In a bulky article the freight has a very much more material effect than in an article, say, like food-stuffs—like jams. A reduction of 2*s.* 6*d.* a ton on jams is infinitesimal. I was rather amused at seeing the comments of one of the legislators in Natal over the reduction that had been made of this 2*s.* 6*d.*

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a ton to Natal, where he stated that the Premier of Natal had secured the enmity of the various States for the sake of 2*s.* 6*d.* per ton, which meant a farthing on a case of milk. That means a sixteenth of a penny in a dozen tins. It is not worth talking about; but when you come to a bulky article like organs—on an organ a difference of 2*s.* 6*d.* a ton means pretty well a difference, on a ton and a half, of, say, 3*s.* 9*d.* to 4*s.*

369. I do not want you to give any information in public which you would rather not, but could you specify a little more minutely some class of important articles the price of which in your view has been enhanced?—Metals would be. I wish I could give the information, and it must be an inference, but Mr. Mosenthal yesterday gave you in confidence the name of an article. I know, of course, what he gave you. For the life of me I cannot understand why we should be able to import that article at so much per ton cheaper from America than we can from England, because you will admit that it is an article that should only come from England, and yet I myself have ordered that particular article during the last few weeks from America—not that I want to do it, but I am going to save at least 15*s.* a ton. I do not think the whole of that difference is in the cost of the goods, and in proof of that I say—and I do not think I am wrong—I believe that even to-day lower rates are being accepted by the Conference Lines from some of the large manufacturers. On heavy materials like that the difference in freight does tell.

370. Supposing I take the case of agricultural implements, which come partly from England and partly from the United States?—I can remark on that from actual experience. I should say on the cheap agricultural implements—the common goods, such as come from America—there would be a large difference in the cost owing to freight, but on the higher class goods there would not be so much.

371. Take ploughs?—That is the very thing that is in my mind.

372. Would you give me figures in regard to ploughs?—You can buy a plough in America for five dollars, which is roughly 20*s.* The plough will cost you just as much in freight as a plough which cost you 20 dollars. As soon as you get a higher class article of the same nature the action of the rates of freight decreases. You have mentioned a line which I am conversant with. I do not mind giving you the information; there is nothing private about it. The cheapest plough that is imported is a No. 75, which is used by the natives, which you can buy for five dollars. That plough will measure quite as much as a similar plough for which we pay 10 dollars, but which is used by the better-class farmers—the white farmer as opposed to the black one.

373. That high freight is largely due to the fact that the plough is charged by measurement?—Undoubtedly. They are not consistent there. There are times when we have to pay for weight. The question of payment of freight is entirely at the steamer's option.

374. To put an actual case. Supposing a plough sold in this country, for £2, or £2 10*s.*; might half of that price be attributable to freight?—No.

375. How much?—On the 20*s.* plough the freight does run into a great deal more than I thought. It does run into nearly 25 per cent. They measure about 8 cubic feet.

376. Speaking of ploughs and other bulky agricultural implements of low value, it might be the case that the freight would account for something like 25 per cent.?—Yes. Ploughs, of course, are not so bulky. Common American furniture is where the freight is the biggest factor. There it would be perhaps nearer 50 per cent.

377. Keeping to agricultural implements, I suppose there are other agricultural implements besides ploughs, imported from America?—Yes, reapers and binders, and so on. There are more American and Canadian than any other.

378. Dealing with these higher priced articles, give me a figure for the selling price of a reaper in this country?—About £20.

379. How much would the freight account for—5 to 10 per cent.?—Not more than 10 per cent.

380. As much as that?—About that. I can give you the actual figures if you want them. If your secretary will give me one or two items like that, I will give you the actual figures—the measurement of the articles and the freight. If you would like to have them checked, I would be very glad that a firm like Messrs. Mosenthal & Co. should check the figures.

381. This being an agricultural country, it is of some interest to know how far the rates affect anything that is used in agriculture. Can you mention any other article?—Generally I do not think the freight has very much effect—you mean as a way of diverting trade?

382. No. Affecting the price to the consumer?—Of course, the freight is an important item, but I do not think it is any more a great factor than it is in other items of a similar bulky nature.

383. You mentioned the case of furniture. The freight, in your judgment, is a large element?—The commoner the furniture, the bigger.

384. Could you give me an illustration of how it affects prices?—There again I can give actual figures.

385. In the meantime can you say roughly?—I should say about 50 per cent. on the very common stuff. I am taking the commonest. I would like to say 33⅓ per cent., but I prefer to give you actual figures. It is not fair to you or to me that I should give you figures that you cannot rely upon. I should say about a third.

386. You were asked a question with respect to the statement put in by Mr. Mosenthal, and I gathered that your view was that the difference in favour of American goods was rather delusive, because it affected only articles which were not competitive; is that so?—That is so to some extent, but, as I say, we have no classification. I would not be prepared to accept these figures. Mr. Mosenthal has put these in, but, as I said before, I have a document here on which I get a special freight, or rather, a manufacturer gets a special freight, and yet it is stated on the ordinary schedule the rate is a higher rate.

387. I suppose what you would refer to in support of your view is the instance I have before me: tea, English rate, 42*s.* 6*d.*; American, 33*s.* 9*d.*?—That is not going to bring in tea from America, because there is not any.

388. That is an illustration. Take another case—cement. The figures that I have here are 12*s.* 6*d.* for English and 17*s.* 6*d.* for American?—I would like to say in reply to that, that you would require to have freight from America 7*s.* 6*d.* to 10*s.* before you would have any opportunity of doing any business. The cement is all going from England and the Continent. Probably you know the bulk of the cement used in America is English and Continental.

389. English, or German, or Belgian?—We deal largely in cement. It was only during the very acute stages of the fight that we imported American cement, and I do not think we imported more than 1,000 casks.

390. Take another illustration: glassware, English, 22*s.* 6*d.*; American, 33*s.* 9*d.*?—That is very easily answered. Americans, if they want plate-glass, get it from England. They do not make it.

391. Take wire fencing, English, 22*s.* 6*d.*; American, 25*s.*?—There, I believe, a special rate is given to manufacturers. My reason for thinking so is that they will not quote us f.o.b. They will only quote us c.i.f. We cannot get a quotation from the United States Steel Wire Company except c.i.f.

392. Do you mean that this freight, 25*s.*, for American is one that a shipper from America could not avail himself of?—I can avail myself of 25*s.*, but I believe the manufacturer does not pay 25*s.* If I paid 25*s.* I believe I would be out of the market. The inference is, as I have stated, that we cannot buy except the quotation is made, cost and freight.

393. (*Chairman.*) Is not one of the answers to that that the cost for export is quite a different price to the cost before it leaves the country?—That may be so. If it is the case, why do not they charge us a price for export, because what difference would it make to them? Under present circumstances they have to arrange the freight as well.

394. It has to be a quotation in a foreign country, has it not?—No. I buy my implements at a very much larger discount from the manufacturer than the same manufacturer would charge for those implements in America. The American manufacturer does his trade in a regular way; he has his domestic trade and the export trade; the export trade he looks upon as the cleanest trade; he makes no allowance for damage, therefore he can afford to sell at a lower profit, and I suppose that is what you mean by dumping in the wire trade, although, of course, in wire there would not be that question of reckoning for damage, because there ought to be none. That is my only reason for making that statement. Then, of course, there is the fact that I have it in actual evidence that a contract has been made, which I say distinctly is unfair to merchants.

395. (*Sir John Macdonell.*) You say in answer to one of the questions submitted to the Chamber that "in "your view trade has been diverted from the United "Kingdom to the United States, owing to low rates of "freight obtaining from American ports." There is a good deal of difference of opinion about that point, is there not?—I think the difference is this, that if you took the matter in hand to-day if would be probably more difficult to find examples, but if you had taken it a few years ago it would not have been difficult, because the rates of freight have been increased from America. There is another thing that I think is a reason. As you know, once you divert trade from its natural channel, it takes some time for that natural channel to get it back again, and trade was diverted to a very large extent through the fight, but I think it will gradually come back.

396. There is among experts, such as yourself, a good deal of difference of opinion about this point, is there not, as to whether there has or has not been a diversion?—I do not know of that. General statements are made. I think we are all in agreement.

397. Is it not a fact that the Cape Town Chamber of Commerce has just lately stated as its opinion that it is not aware that there has been a diversion of trade?—I do not know of that. There undoubtedly has been a diversion of trade, but whether it is continuing under altered circumstances I do not know. This wire business is a trade which should go to the United Kingdom.

398. Are there any other examples than the wire trade which you have particularly present in your mind?—There is that important example placed before you yesterday, which I do not wish to name.

399. Is there any other which you think of?—I do not know of any other in a big line of that description.

400. I am not speaking of small articles which are in small demand; I am speaking of the larger commodities. Can you think of any other example?—I cannot think of any just at present.

401. As I understand from your evidence all the municipalities in South Africa do not enjoy special terms for shipments?—I do not know that they all do.

402. You mentioned one, Port Elizabeth?—The Port Elizabeth Municipality made a contract with the Houston Line, and that has expired. They made a three years' contract.

403. What arrangements have they made since the expiration of that contract?—I think none. They do not import very much. I suppose whenever any big works come on, for instance, they are just now building a large reservoir about 30 miles from here. I suppose, if works of a similar nature were to come on, they would probably want the same thing.

404. Have you formed any opinion whether specially low rates given to Governments and Municipalities operate unfavourably to the general body of merchants shipping goods?—I do not know in what way you want me to answer that question, but if the companies were getting a higher rate of freight from the Government, if they made use of our freight to pay them for it, they could reduce the freight on the mercantile goods.

405. Is not the effect of this specially favourable treatment to Governments and Municipalities to unfavourably affect merchants?—With Government contracts I think of course the Government should use a little more discretion than they do, but take their important items like rails and bridges, I think they are entitled to get all the benefits, because no merchants would keep stocks. I heard Mr. Mosenthal's evidence yesterday, and, on the whole, I agree with his evidence on that point.

406. Are you sure that some of the bad effects in the way of enhancement of freights which you attribute to the deferred rebate system are not really attributable to the specially low terms given to Governments and Municipalities?—They ought not to be.

407. Are you sure that the companies get for the consignments which they carry for Governments and Municipalities, any profit or any but a nominal profit?—You are asking me now the companies' business. I really do not know. I certainly think it is very foolish on the part of the companies if they are losing money on the Government freight.

408. If it be the case that they are getting either no profit or only a small profit, is not the natural result to throw the burden upon the part of the community who ship?—It depends upon how they look at the business. In one sense, having the Government freights should assist them to manipulate their other cargo to a much better advantage, because they can fill their steamers, and therefore it should be a great help to them. If I had a very large turnover for one customer, I should be very pleased to take that at an extremely low profit so as to enable me to come into the market for the balance of my business.

409. I understand that the Chamber are prepared to face all the consequences of the open freight market rather than that the deferred rebate system should continue?—I personally say so, without any hesitation whatever. I do not think the disadvantages are anything like what they have been painted. In my business I may say particularly it would affect us because we have bulky cargo.

410. You might be prepared to do so, but would not the small man suffer?—I do not think so, for this reason, that the small man almost invariably gets his goods through the same agent the other side. Nearly all the commission houses on the other side are strong houses, who arrange the rates of freight, and they could not arrange a special rate of freight for me and charge another man a lower rate. I am not a big importer from the United Kingdom in the way of measurement.

411. Would not the importer, to the extent of a thousand tons in the course of a year, expect better terms than a man who imported only a few tons?—He might expect it, but that is not the way to put it. If a man is big enough to import, he will get a fair amount of tonnage, and to import, you are aware of how this business is done; either the firm here have their own house in London, or they have another house, a commission house, who buys for them.

412. I was going to ask you a question on that, but I understood I could get the mode of procedure better from some other gentleman. In your view, you think the small man would fare quite as well in the open freight market?—I think so, for that reason. Take the American commission houses—I think I could count them on the fingers of both hands. These commission houses dare not charge a small man a higher rate of freight, because the next door man would come along and say, "Come to me and you will have all the "advantages I am getting." It is the same in England.

413. Would not the owner of a ship who had not obtained a full cargo, and was desirous of filling up his ship at the last moment, accept cargo at a lower rate?—He might.

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414. Would not that be a common incident?—No, I do not think so, because to do that he would have to have the cargo to put in. It is all very well to say, "I have room in my ship," but you have to find the manufacturer to supply the goods.

415. There has been evidence given that that had been the case in the past sometimes, and evidence has been given also to the effect that that might be the case again. You think that is wrong?—I think that is wrong, with the exception of one or two items. You could get delivery of coal and cement promptly, but the whole of the South African market could not consume an unlimited quantity. It has its limits. Then the man who is going to consign is not going to keep up that game very long. Yesterday it was mentioned that the steamship companies might do it. They tried it. I would be very interested in seeing the results.

416. With regard to the point which you mention. Do you think from time to time the shipowners would buy on the ship's account, not merely coal, but other articles, and sell against merchants out here?—They might, but I would be quite prepared to take the risk. I think they would find it better to do their legitimate business. They would have to provide storage accommodation. You cannot bring goods here and sell them in a day, simply because you have them here. You have to bide your time for the market.

417. You think there would be practical difficulties in the way?—Yes, with the exception of one or two bulky lines, and even with those it would not continue very long.

418. Have you considered what would be the result supposing that your wish were carried out that the rebate system were abolished throughout South Africa, but with the rebate system existing in other countries? Suppose, for instance, you had a law passed in Cape Colony to the effect that you desire, and that no such law existed at Delagoa Bay. Might not the effect of that be to divert, to some extent, trade to Delagoa Bay? Might not the shipping companies offer better terms to their "loyal" customers—to make use of the common expression—who agreed to the terms of the circular and also sent their goods to Lourenco Marques?—They might do so. They are doing so now in the Mauritius trade.

419. There is, as I understand, a tendency to bring trade more and more towards Delagoa Bay, that is trade going inland?—The latest returns are rather the reverse of that.

420. On the whole, is not that the movement?—I do not think so. The railway rates will control what freight goes to Delagoa Bay—the railway rates and the freights combined.

421. If the rebate system were abolished here and enforced elsewhere, your opinion is that Port Elizabeth and ports situated in the same manner would not be in any way prejudiced?—I would prefer an open market.

422. Have you considered this aspect of the question?—No, I think it is an almost impossible one.

423. A word with regard to your remedy. You, I understand, would accept, personally, no mere modification of the rebate system—you want its abolition?—I believe it would be the only way to get a release from the present state of affairs. To say that I would not accept it is quite a different thing. The position is, that, as at present in existence, the arbitrary position taken up by the steamship companies has the effect on any man who has the least spark of independence, to make him say, "Anything rather than the present state of affairs."

424. You do not think a satisfactory arrangement would be one in which, not, as the Chairman suggested, at the end of five years, but at the end of every two years or three years the rebates should become due, and should not be subject to forfeiture, you do not think that would be a satisfactory arrangement?—That would, certainly, be a remedy for the present state of affairs.

425. I suppose you would admit, also, that if for "six months" were substituted "three months," there would be a considerable advantage?—Certainly There, again, there would be an improvement on the present state of affairs.

426. In other words, anything which would give the shipowners a less complete hold over their customers than now exists would be so far good?—Yes, there is no doubt about that.

427. Let us see exactly what this law is which in your mind would be the best solution. Rebates are to be abolished. Does that mean that there is to be a criminal remedy against those who take rebates?—That is a matter for the Government. I do not think there should be a criminal one.

428. If you tell me you have not thought out the details of the remedy, I will not trouble you any further?—The only question that we have considered is the fact of having rebates absolutely abolished.

429. You have not considered by what machinery effect should be given to your wishes?—Only by legislation.

430. As I understand, you ship from Germany by British vessels?—My instructions are, that unless there are special advantages to be received, all our goods must come in British vessels. That means, of course, vessels connected with the Conference Lines.

431. Do you, in fact, ship goods from Germany solely by British vessels?—No, we cannot. If we buy goods c.i.f., we have no control over the steamer which carries those goods. Any goods which come for the ordinary freight market come by British vessels. The feeling here, and I think it is general in South Africa, particularly among the British section of the community, is to always favour our own, and we would go further and give a slight advantage.

432. You have more than once spoken of the defects of the classification of goods on the part of shipping companies. Has the Chamber or have you ever considered what should be the lines upon which a satisfactory classification should be laid down?—I have pointed out that we have not got a classification. We cannot get one.

433. Have you considered what ought to be the lines of a proper classification?—We have not considered it for that reason, that we have not one before us, but we would be glad to consider it. You mean, as to which classes certain goods should be put into? Of course, it would be somewhat on the present lines.

434. Would it be on the lines of railway classification?—It would certainly simplify matters very much if it could be done.

435. When a change in classification does take place, are you, the merchants, in any way consulted?—No, we are not even advised. I think it is only fair to say this, that only yesterday I mentioned this fact to one of the managers of the shipping people, and his reply appealed to me at once, he said, "We do not "think, as a matter of fact, of people in South Africa, "we think the London people will advise them." Very probably that is the reason. We, as a Chamber, do not get the information, nor do we as merchants. We have to get it from the other side.

436. And from time to time are sudden notifications of a change in classification made?—I do not remember any instance, except this last arrangement, that we have been feeling so strongly about—the alteration of the rebate. That, of course, was done very suddenly. We were certainly not consulted about that.

437. You heard, yesterday, Mr. Mosenthal throw out a suggestion of a consultative body which was to sit in London and which was to consider certain matters, among others, those which you have mentioned. What is your view respecting that?—I do not think it would be any good unless they had some power.

438. You think a mere consultative body would be useless?—We have had that for so many years in the past, and look at the position we are in to-day.

439. I suppose you would say a consultative body which sits in London and only in London would not be an entirely satisfactory one to people in South Africa?

—It would not be satisfactory to people like myself who have not a London office. Our business is not, of course, a very big one. There are people who have not London offices who would not be satisfied with such an arrangement.

440. I asked Mr. Mosenthal one or two questions which he could not answer yesterday about the coasting trade. Have you any knowledge about that?—No, not very much.

441. Are there any complaints with respect to the deferred rebate system in the coasting trade?—I have not heard of any. I do not think it is a factor at all. As a matter of fact, the coasting trade is a very small thing after all. I think that letter of the Chamber refers to the freights from Mauritius.

442. (*Chairman.*) This is with regard to the coasting trade. You do not know anything about it?—I know they are bound to avail themselves of the Conference steamers.

443. (*Sir John Macdonell.*) With respect to the statement made in the last paragraph of the answers given by the Chamber, it is stated here, in a communication on the part of the Secretary, that in the trade between Calcutta and South Africa there is an oppressive rebate system, and that all shippers are bound by a deferred rebate agreement, and the steamship companies refuse to carry goods at all for merchants at any rate of freight at all unless they become parties to such agreement. Is that fact in your knowledge?—I believe it is a fact.

444. You are not cognisant of that personally?—No, it has not happened to me personally.

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445. Are you acquainted with the trade between Mauritius and South Africa?—I am not directly interested, but I have been specially asked to give some information on that point.

446. In the same document it is stated that in the trade between Mauritius and South Africa the Union Steamship Company, who run a monthly service, prevent shippers availing themselves of any offer of competition by imposing an extra rate of 5*s.* a ton upon all shippers refusing to bind themselves for a fixed period to ship exclusively by their boats. Is that the case?—That is the particular evidence I was asked to give you. I am prepared to hand in a bill of lading privately in proof of that (*handing in document*). It is exactly what is mentioned here—5*s.* difference. This firm mentioned here have to pay 22*s.* as against 17*s* to the other firms who bind themselves.

447. This system prevails at the present time?—Yes. "Calcutta shipowners, of course, go the length "of refusing to carry at any price at all for disloyal "shippers or importers."

448. (*Chairman.*) "Unless they become parties to "such agreement." That is the deferred rebate agreement. Have you a copy of that?—I understand that to be the same as the other agreement. The Calcutta ships belong to King & Sons. I will try and get you a copy. There is only one other matter. I want to give you—and it is information I want to give you confidentially—some information with regard to the special rate from America. I can give you that more clearly when the others retire. I can give you the particulars, but I shall have to explain them. (*The rest of the witness' evidence was heard in private.*)

THIRD DAY.

Chamber of Commerce,
Port Elizabeth,
Monday, 9th September, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. HEINRICH FRIELINGHAUS, examined.

453. (*Chairman.*) You appear on behalf of the Port Elizabeth Produce Association, I understand?—Yes.

454. And you wish to lay before the Sub-Commission your views on the shipping freights. Will you first kindly tell me how you were authorised to lay these views before us. Was it at a meeting?—At a meeting convened for the purpose.

455. When was that meeting?—About a fortnight ago.

Mr. H. Frielinghaus.

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456. How many members were present?—There are 29 members who belong to the Association.

457. Twenty-nine firms?—Twenty-nine firms.

458. How many were present?—I can ascertain for you. I should say quite 20.

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459. They all voted?—They all voted.

460. The members were unanimous?—They were unanimous.

461. Do most of the merchants concerned in this business belong to the Association?—Almost without exception. I find 16 members were present.

462. In the Association are there members who are shipowners?—No shipowners.

463. Agents?—No; our Association consists entirely of produce people, mostly shippers.

464. I may take it that a vote of your Association expresses the view of those concerned in the business here?—Quite.

465. You say, "Members are unanimous in their "approval of the operations of the existing Conference "Lines or Shipping Rings, as calculated to serve the "best interests alike of the export trade and of the "farmers, by affording fixed and regular dates of "shipment at established rates of freight; the stability "of the latter being of paramount importance, it is "recognised the rebate system is the legitimate and "only safeguard in that direction." Why do you attach so much importance to stability of rates of freight?—For this reason. If my firm, as large shippers, were to make heavy purchases in one week, basing their purchases on the normal rates of freight, and if over-night an ocean tramp should arrive and offer to take wool at one-eighth, we, who are interested in the other side, would be greatly jeopardised, because we should be undersold to the extent of a farthing per pound.

466. Where would your produce be chiefly shipped to?—Mostly to the Continent. Mostly to France and Germany.

467. Would that be by German Conference Lines?—The bulk of our goods leave by the Donald Currie Lines.

468. How do they go?—They go to Southampton, and there they transfer. The goods are transhipped to the Continental ports.

469. By German boats?—That depends entirely on the Conference Lines. They make their own arrangements. I believe they use, largely, their own boats.

470. You have nothing to do with that?—Nothing.

471. You pay a rate to the German port, or whatever it is?—Yes.

472. Your great object is to avoid any sudden alterations of freight which would affect your sales or your agent's interests?—Quite right.

473. I suppose you think the rates which are charged to you are reasonable?—Quite.

474. You say, "It is recognised that the rebate "system is the legitimate and only safeguard in that "direction. Rebate claims are made up at the expira-"tion of every six months, on 1st April and 1st Octo-"ber, respectively, payable in London nine months "later. The benefit of the rebate is received largely, "if not entirely, by the South African shippers, and "there are no cases on record of the Conference Lines "having withheld payment of these claims." Who pays the rebate, and where?—The rebate is paid by Donald Currie & Co. in London, to any address we may choose to give them.

475. To your agents or to your consignees?—To our representatives on the other side.

476. Do you send your produce for sale, usually, or is it sold here?—Many shipments are made on further delivery against contracts entered on the other side, but the bulk of our shipments are consigned to our own firm as a matter for sale by them. We buy against their limits and consign the goods to them, and they sell on the other side.

477. (*Sir John Macdonell.*) You have a house in London?—On the Continent.

478. (*Chairman.*) Do you ship much wool?—Ours is entirely a wool shipping firm.

479. Does your wool go to the wool sales in London?—Very rarely.

480. You are outside those things?—We find we can do better by disposing of our produce elsewhere.

481. It goes straight to the Continent?—Yes.

482. And goes into consumption in Germany?—In Germany and France. When I said just now that the bulk of our shipments went to the Continent, I was speaking on behalf of my own firm. There are many buyers here who ship to Bradford or London.

483. You say, "No diversion of trade from the "United Kingdom to other ports of the world has ever "by reason of the present Shipping Rings occurred or "is likely to occur." You have been speaking of trade that goes through the United Kingdom. It is not exactly trade to the United Kingdom?—In the case of the Bradford buyers it would be. There are different sections of buyers here—the English and the Continental. The English buyers send their produce almost exclusively to Bradford.

484. In the trade which goes to the Continent and is transhipped at Southampton, is that treated as export to the United Kingdom?—I believe that is treated in the statistics as an export to the United Kingdom.

485. Whereas it ought to be entered as an export to Germany?—It goes largely to the Continent.

486. So that this sentence about the diversion of trade from the United Kingdom may refer to what other people do, but it has not much to do with your own trade?—No.

487. Then you say, "There is no record of any pre-"ference being accorded to favoured shippers, nor are "the existing rates of freight deemed excessive, inas-"much as they do not exceed the cost of the cheapest "known mode of conveyance, by sailing vessel; regard "being had to the higher premium of insurance and "loss of interest entailed by the latter." Can you give me any idea as to what is the difference between the freight by sailing vessel and the freight by steamer?—There is no difference. I have here the figures before me of our own last charter by sailing vessel.

488. What is the date of that?—Some considerable time back. I should say about ten years ago.

489. You chartered a sailing vessel?—Yes. I find that the actual freight worked out a farthing per pound—the actual freight paid to the sailing vessel worked out at a farthing a pound; but we have to take into consideration the difference in the insurance, because insuring by steamers we insure free of particular average; by sailing vessels we insure with particular average. The difference is very considerable; and that and the loss of interest entailed in using a sailing vessel works out to one-eighth of a penny, so that practically we pay three-eighths of a penny, the same as we pay to the steamers.

490. You think at the present time the result would be the same?—Absolutely; there is no difference between ten years ago, as far as sailing vessels are concerned, and to-day.

491. How is it as regards the freight that you pay?—It is the same.

492. You mean to say that now you get quicker boats, and more frequent, and yet you do not pay any more?—That is the position.

493. It does not vary at all with the price of wool?—Not at all.

494. A few years ago you had very low prices for wool, and the freight came to a considerable charge on the cost?—The rate of freight was the same.

495. Now, for some year or two, as far as I remember, you have had better prices, and it works out cheaper?—Yes.

496. You say, "It is quite practicable for South "African merchants and shippers, in both directions, "to combine and charter tonnage for their consign-"ments in the open market." I suppose you only refer to chartering sailing vessels?—Exactly.

497. You say, "tonnage." That must mean sailing tonnage, because we have been told that with the Port Elizabeth business it is hardly possible to charter steamers?—In the height of the season it would be an easy matter for the firms to combine. Supposing the Conference Lines were done away with, it would then be possible here to charter a steamer homeward.

498. Not outward?—No, we have nothing to do with the outward trade.

499. You say, "South African shippers in both direc-"tions to combine and charter tonnage." It should be

that homeward you could charter steamers, but outward you could only charter sailers?—I should not like to give evidence with regard to that.

500. You go on to say that, "The disappearance of "the present Conference Lines would, however, tend "to call into life a number of smaller combinations "ever warring with one another, and occasioning "those very serious fluctuations in rates of which the "'pre-Conference' Lines period furnishes to many "regrettable instances." Do you happen to have with you any instances that you can give us within your experience in which there were these wars of small combinations which caused fluctuations in rates?—I can refer to exactly three years ago—the case of the "Hyperia." I believe she was a Houston boat. She appeared suddenly upon the scene and offered freight at 5*s.* a bale. That means, practically, one-eighth of a penny per lb., as against the three-eighths we were paying.

501. That was a fighting rate?—Yes. With the permission of the Conference Lines we were allowed to avail ourselves of that rate, and it unsettled prices at the time to the extent of a farthing.

502. That reduced your prices?—As it happened in that case, the buyers got the advantage of it, because we had large purchases on hand awaiting shipment. For what we had actually bought the arrival of the "Hyperia" made no difference, but there were undoubtedly a few instances where farmers benefited to the extent, perhaps, of one-eighth, if not to the full difference.

503. The difference was divided between the consignee on the other side and the farmer over here?—Yes. Partly the farmer got the advantage of it, but mostly the shipper, because we had the purchases to fill the vessel.

504. Could he keep it?—He had it, and could keep it from the consumer on the other side.

505. You were under contract for the price oversea?—Partly under contract. As far as our own people went, they got the benefit of the difference, and, of course, the margin of profit was increased to a corresponding extent.

506. Then what happened after that?—That was the only instance. I think the Houston Line came to terms with the Conference Lines, and they were absorbed.

507. Then that was withdrawn?—Yes.

508. You went back to the three-eighths?—Yes.

509. Since that you have gone on steadily at three-eighths?—Yes. With your permission, I should like to point out that we introduced the words "and of "the farmers." It was in the interests alike of the export trade and of the farmers. One of the great difficulties we as buyers have to contend with is the constant grumbling on the part of the farmers that we do not differentiate enough in the value of their staple. The arrival of the "Hyperia" overnight is calculated to increase this complaint on the part of the farmers because here is a factor with which we have to reckon, over which we have no control. By the cheaper rates prevailing here for one week, perhaps, we are bound to give perhaps a higher price for an inferior wool. As soon as the lower freight disappears we have to go back to our normal rates, and it may then happen that the men who have got the better wool still get the lower price. That is so unsettling to them that anyone who knows the conditions of the country at the present time speaks of it. In order to satisfy farmers, I think it is absolutely essential from their point of view that we should have fixed rates, because the fact of a cheap rate being offered to-day and a higher freight to-morrow is naturally an unsettling factor in arriving at the intrinsic value of the wool.

510. You have several factors to contend with. It is not always more or less a matter of uncertainty about the qualities. You do not want to have this additional factor to contend with. That factor may make up for any difference in quality in which you have shown by your judgment you have got a good consignment?—That is so.

511. You do not think to the consumer in Europe it is of sufficient importance to have the chance every now and then of these low rates?—No. The consumer on this side would practically be the only benefitter. He would be the only one who would benefit or otherwise by the variations in freight.

512. You think the consumer would benefit?—At times the importer on the other side would, but certainly not the consumer.

513. The importer could not keep that to himself, could he?—Yes, the intrinsic value of the wool is determined by certain factors which have really nothing to do with the cost of the wool nor with the attendant charges. The trade makes the price.

514. You mean, it is the price of the open market compared with other wools wherever they have come from and however they come?—Yes.

515. What you have been saying applies to wool only?—Wool, mohair, and skins—the staple export articles.

516. Are there other articles which would interest Port Elizabeth in its exporting capacity—feathers, for example?—Feathers pay a rate of their own. I believe it is 1 per cent. on the value, or according to measurement, at the option of the shipowners.

517. Then you say: "For the reasons here stated "members of the Port Elizabeth Produce Association "are emphatically opposed to any alteration being "made in the existing conditions as applying to home-"ward freights." Have you had any occasion for correspondence with the shipowners about grievances in your particular line?—I do not think so; nothing except perhaps mere routine business—nothing of any vital importance.

518. You have never had to meet them in conference?—No.

519. They give you sufficient facilities—the boats are sufficiently frequent?—Quite. In fact, in that connection I should like to say how perfectly satisfied we are with the terms we are receiving at the present time. I should like to endorse the remarks which fell from the Chairman of the Chamber of Commerce when he explained to you that although he was approached some years ago by one of the fighting Lines and offered exceptionally favourable terms, which he, I believe, considered unfair terms, yet he was not satisfied with a three years' contract; he preferred to remain under the ban of the Conference Lines in preference to availing himself of the three years' fighting rates offered to him, and I think that is the most splendid testimony that the Conference Lines could desire as regards their efficiency.

520. You do not feel any degradation in being in the hands of the Conference Lines?—The term has been applied, and I have been amazed, because this is an entirely free contract. The so-called Ring has not been forced upon us; it has grown step by step, and increased facilities have been granted to us. It is entirely a matter of contract. The shipowners say, "We are prepared to do so-and-so if you give us "your support." We are so satisfied with the service we receive that we accord the support cheerfully. This is a mere contract, and if we choose to break away from that contract to-morrow we are entirely at liberty to do so.

521. By forfeiting the rebate?—Yes. We have enjoyed that rebate during the last so many years, and it is unfair to think that we should be allowed now to break the contract without forfeiting the rebate.

522. You do not desire any term to be fixed, that every five or seven years you should be able to get back your rebates and stand to make a new contract?—I see no objection to it, but from my point of view I see no necessity for it.

523. One other point. They make no difference in large or small shipments, do they? The large man is not better treated than the small man?—No, we are all on the same footing.

524. There is a general question which I should like to ask you. There is evidently a strong feeling in South Africa against the Shipping Comference. Can you explain at all why it is so, that it is so much stronger here than in London?—To my thinking it is one of the wonders of the world. I cannot account for it. I cannot explain it. I have never been able to get a satisfactory answer.

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525. You must meet a good many people who entertain that feeling?—I do. I took a great interest in the last meeting of the Chamber of Commerce. I should like to say that, although the official answer given by the Chamber infers that if the rebate were done away with, there is no reason to suppose that the stability of rates would suffer—I do not know whether I am in order—the day before the meeting there appeared an open letter in the paper signed by one of the foremost members of the Chamber and a gentleman who is strongly in favour of the abolition of the rebate. I only want to point out this, that the official answer is in direct contradiction to what the private opinion of the gentleman in question is. If you allow me to read this—it is an open letter signed by Mr. Alexander Cowie—it is perfectly fair criticism.

526. This is an explanation of the question I asked you about the feeling?—Yes; to explain my answer that I could not account for the feeling, because the official version says one thing and the individual opinion expresses another.

527. This is only the opinion of one man?—Yes, but he is one of the guiding powers in the circle, and from that point of view I think it would be interesting to you. We are told that without the rebate the stability of rates would practically remain the same. This is what Mr. Cowie says: "Presuming a steamer is laid "on—as has occurred before now, and might well "again—to load wool home at 5*s.* a bale, is it not a "fact that buyers at once set about purchasing at an "advance approximating the reduction in freight? "We have all experienced it in former days. And, in "this connection, would it not be wise for our pro- "duce friends to consider that, in adhering to the "Conference rebate system, 'they are virtually robbing "'the up-country farmer of this appreciation,' and "transferring it needlessly to the pockets of the ship- "owners? A good many fanciful grievances have been "aired lately in regard to the conduct of the produce "trade, and this is a real and substantial grievance "operating against our Colonial producers." I venture to say that is absolutely wrong. The first part I agree with, that if you do away with the rebate, undoubtedly, you will have every now and then ocean tramps coming along offering to take our wool at 5*s.*, and the Conference Line boats, which are always at our disposal, are supposed to be prepared to meet this cut-throat competition. It is an unfair rate. There is no steamer in the world that can afford to take our wool at the rate of 5*s.* per bale. But these things have happened before. Steamers come out here chartered, going home without any cargo, and the chances are that they would rather take 5*s.* a bale than nothing. But it would most decidedly have the immediate effect of unsettling our trade absolutely; it would at once introduce uncertainty, and we should always have to face the possibility of a tramp arriving and offering these lower freights.

528. I suppose you would like to have a permanent lower freight, would you not?—From our point of view as buyers it is really immaterial whether we pay three-eighths of a penny or a halfpenny or a farthing, because whatever the rate is we have to take it into calculation in buying our produce. In that respect it would be entirely a question for the producer.

529. It would be an advantage to the producer to have permanently lower rates?—We do not consider the producer is entitled to unfair advantages, and if we are satisfied that the steamship company charges no more than what is due to them, we do not think we should agitate for unduly favourable terms.

530. Is it likely, in your view, that the amount of tonnage of your particular goods will be much increased in the next few years?—Undoubtedly.

531. You think so?—Yes.

532. That will be to the good of the freights outwards?—I do not know that they would be affected by it.

533. We are told that one of the reasons why they must have fairly high rates out is because they have no homeward freight. If they are likely to increase their homeward freight, would not that act in somewhat diminishing the rate of freight outwards?—When I say we expect largely increased exports, I do not think they would assume such dimensions as to make a material alteration in the earning power of the shipowners.

534. You do not see any early prospect of that?—No.

535. You said you had no interest in the shipping companies?—None whatever. The only interest is, perhaps, a brace of grouse which we generally receive after the 12th August, sent to us by the courtesy of Sir Donald.

536. (*Sir John Macdonell.*) Before I ask you more important questions, I should like to put a formal question to you. You have been shown by the Secretary a document which describes the course of business and the shipping documents which are in use in so far as the export trade from London is concerned?—Yes.

537. As I understand, that account is substantially correct so far as the business here is concerned?—Quite.

538. "The first document is the freight note sent by "the shipowner to the shipper a day or two after the "vessel sails"?—That is not so in our case, because the freight is paid on the other side. In London they pay the freight. The shippers in London pay the freight. We do not pay the freight.

539. Freight is always paid on delivery?—Yes.

540. "This states the freight on each consignment "shipped and the aggregate freight on the total con- "signments which, plus 10 per cent., is payable to the "shipowner"?—The receiver pays the freight.

541. "And forwards the freight note, together with "his invoice, for the goods to the South African "importer." "The form of the invoice depends on the "contract of sale, *i.e.*, whether the goods are sold f.o.b. "or c.i.f. When the goods are shipped f.o.b. the "invoice states the cost of the goods, insurance, ship- "ping charges, &c., the net freight plus 10 per cent., "and the merchants' commission which is a percentage "of the aggregate of the items mentioned in the in- "voice. When goods are shipped c.i.f. the invoice "merely states the cost of the goods and the amount "of the commission"?—In our case it is different, because our f.o.b. and c.i.f. contracts are simply worked on a certain basis, quite irrespective of the charges. Any invoices made out by us on a f.o.b. or c.i.f. basis do not relate to the cost or the particular charges but simply to the contract price agreed upon with the person on the other side who gives us the order. Whatever we make on it is entirely our own look-out.

542. "It does not state the rate of freight except "in the comparatively rare cases in which freight is "not prepaid"?—In our case that does not apply.

543. "—but is paid by the consignee on behalf of "the shipper on the arrival of the goods. In these "cases the shipper debits the invoice with the amount "of the freight. Neither the word 'rebate' nor the "word 'primage' is mentioned in the freight note or "the invoice." Subject to the qualifications which you have stated that describes the course of business on documents used on this side?—Yes.

544. How long have you been in the export trade here?—Since 1892.

545. In your view, your opinion regarding the rebate system is that of the great bulk of exporters in Port Elizabeth?—Absolutely.

546. If I am not mistaken, Port Elizabeth is, on the whole, the chief exporting port of Cape Colony?—That is so.

547. I suppose you would go so far as to say that your opinion on this subject expressed the opinion of the exporters generally in South Africa?—Quite.

548. You also, I believe, are entirely satisfied with the service which is given you?—We do not wish for a better.

549-550. Are you in any way connected with, or do you from time to time communicate with, the South African Merchants' Committee in London?—We have absolutely no connection with them. They do not represent our interests, and we have no use for them.

551. You think they are not representative?—They do not represent us—not one of us.

552. You say that the service is good in point of regularity?—Yes.

553. May I take it that the service is practically worked with the regularity of a railway service?—I should think it is more regular.

554. And that the Combination ships which visit Port Elizabeth are ships of the first-class?—Quite so.

555. You stated to the Chairman that the introduction of any uncertainty in freight would in your view be prejudicial to the interests of the farmer?—Yes.

556. I suppose, as a matter of fact, owing to natural causes—weather, rainfall, &c.—there is uncertainty in the amount of the various commodities?—Great uncertainty.

557. Wool would be a case in point?—Yes.

558. And mohair?—Yes.

559. So that in your view the existence of stable rates of freight acts to some extent as a corrective to the instability in prices owing to variations in the weather, &c.?—Yes, and it must not be forgotten that there is a question which has not been brought forward by the abolitionists—we always hear about the lower rates than normal rates of freight, but what about the higher? Speaking from the produce point of view, we have had great variations; we have had variations amount to nearly $\frac{3}{4}d.$ per pound in one week.

560. What period are you speaking of?—That was before we had the Conference Lines, when the shipowners had an entirely free hand. Entirely according to the supply of wool available for homeward freight, prices would go up and down, and we have had variations amounting to $\frac{3}{4}d.$ per lb.

561. Are you speaking of a period before 1893?—Yes, because we have practically had stability of rates since 1886, thanks to the rebate. Before we had the rebate it was open to anyone to come here, and the shipowners in their own interests would naturally put up their rates of freight with plenty of wool available, obeying the laws of supply and demand; therefore the farmer might be able to sell his produce with a rate of freight of one-eighth of a penny; his neighbour offering the same class of wool next week would have to be satisfied with quite a halfpenny less, owing to the rate that might prevail. That is unsettling from a farmer's point of view.

562. You told the Chairman you were unable to explain to your own mind the origin of this agitation against the rebate?—Yes.

563. In the case of the exporter, that is in your case, I suppose it is of comparatively little consequence, within limits, what the rate of freight is?—That is so.

564. Whether there is a rise of $\frac{1}{8}d.$, or $\frac{1}{4}d.$, or $\frac{3}{8}d.$, as regards certain commodities——?—As long as we know it beforehand.

565. You might have a considerable rise in rates and yet, so far as you are concerned, it would not effect you?—It might affect us very seriously in this way—if we make a contract with the people on the other side on a stated basis.

566. I quite see that if you had made a contract it could, but I am not thinking of cases where you have entered into a contract. Within limits it is of comparatively small consequence whether there is a rise in freight or not?—Yes.

567. In the long run, the rise of freight will fall, in the main at all events, upon the purchaser on the Continent if the goods are for the Continent?—No, it would fall upon the farmer. We buy at certain limits, established by the trade on the other side, and we have to accommodate our buying prices here according to the intervening charges.

568. You would say that what I suggest might be true if the price of the commodity was determined solely by what happens in South Africa?—That is right, but it is not.

569. That being so, it being determined by the price of wool generally——?—The rise and fall would fall entirely on the farmer; he would be the one to benefit or to suffer if there were great variations, because we should deduct whatever the rate might be off the price which we were prepared to pay. If we could pay the farmer 6*d.* for a certain class of wool, we would deduct either the $\frac{1}{2}d.$ or the $\frac{3}{4}d.$ for freight.

570. In some cases, might not the whole of the increase in the freight be thrown—or the greater part thrown—upon the purchaser on the Continent?—If the buyer here had not received fair warning, but only in that case. Only in that case would he be the sufferer. As long as we know what rates of freight we have to deal with, it rests entirely with us to make due allowance for the rate of freight.

571. Of course, with the case of the importer, any unexpected rise in freight would in great part fall upon the consumer?—Yes.

572. You think that there is no marked difference between the case of the importer and the case of the consumer. In your view, a rise of freight would to a large extent fall upon the farmer just in the same way as a rise in freight on imports would fall upon the consumer?—I think the conditions are somewhat dissimilar. What applies to the import trade does not necessarily apply to the other. There are times when they might equally apply to both, but the conditions of the trade from an exporter's point of view are so entirely different that it does not necessarily follow that what would arise in the one case would also arise in the other.

573. I gather from what you say that a very large portion of your exports are intended to go to the Continent. They may be transhipped at London or an English port, but they go to the Continent. Have you, in sending by the Conference Lines, a complete choice of Continental ports to which you may send the goods?—Yes; every port. They give us the choice of any port on the Continent.

574. You are clear in regard to that?—If you like I can give you the ports. The ports generally covered are Hamburg, Bremen, Antwerp, Dunkirk.

575. These question are not entirely new to some of us. Supposing you desired the goods to be sent, for example, to Marseilles. Is it competent for you to do so without forfeiting your rebate?—We have shipped goods to Marseilles by the ordinary boat from here, and the Conference Lines have taken the necessary steps to deliver these goods in Marseilles just as to the other ports.

576. Taking Baltic ports east of Dantzig, is it competent for you to send them there?—The occasion has not arisen, but I am quite certain that if we asked the shipping companies to deliver our goods at Timbuctoo they would find means of sending them there without our forfeiting the rebate.

577. In your view there is no case for any modification of the rebates?—Absolutely none.

578. It rests, I suppose, at the present time, with the Combination to say what are to be the rates from Cape Town to London, and the same with respect to Port Elizabeth and East London and Durban?—Is that from the importer's point of view or from the exporter's point of view?

579. Take the exporter's point of view?—No, I do not think so. If the Conference Lines see reason to alter the present rate of freight I have no doubt we should be consulted.

580. Have you ever been consulted as regards an increase of rate?—We have never had an increase of rate. They have always come down. They have always met us. If they are prepared to meet us any further, we will accept it. We have always been glad to receive from them what they give us. Only a little while ago they reduced the rates to the Continent by one-sixteenth. They did not consult us about that. Why should they? We are only too glad to have it.

581. Though they have done that in the past, still it is competent for them at any time to raise the rates at any of these ports without consulting you?—I suppose they would be giving us fair notice; say that from a certain date they will be charging so much.

582. There is nothing to prevent them raising without giving you notice?—They would certainly have to give us notice. At the present time we make our shipments on a distinct understanding that we are paying a certain rate of freight.

583. I suggest to you there is nothing legally to prevent them at any time raising the rates?—I do not think that there would be. I do not know of anything to prevent them, but I am quite certain it would not happen.

584. That may be so, but do not you think it is rather a serious power to vest in the hands of any group of companies—the power of raising the rates and

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altering the relations of the various ports without anyone here being consulted?—I can quite conceive that it might be most detrimental if such a power exists. Allowing that the companies have the power of raising rates without giving any warning, that might be very detrimental, but I think in all commercial matters we must to a certain extent rely upon the bonâ fides of those with whom we are dealing. If we want to look upon everyone as a cut-throat who will take our life overnight, where shall we be.

585. You judge of their future conduct from their past conduct?—Certainly ; I speak of the bridge as it carries me over.

586. I put the case of the companies raising the rates generally in these various ports. All these ports are competing with each other with regard to the in-transit of trade?—Yes.

587. It is competent for this group of companies at any moment, by altering the existing rates, to give one of these ports an advantage over the others?—Yes.

588. Do you think that is a power which should exist without control?—No. As an ideal question I should decidedly hold it would be better that no corporation should hold such sway. I think it would be most desirable. But that would be only meeting a possible case, not a probable case.

589. Is it not possible that the explanation in part of that which you find to be so inexplicable, namely, the agitation against the rebate system, may, in part, be attributable to this uncontrolled power?—I am not satisfied that that is the real reason.

590. You think it is not?—I think it is not.

591. As I understand, the chief articles of export from here are wool, mohair, feathers ; mealies to any extent?—Not that I know of.

592. Those are the three articles. In the case of wool you have given us some idea of what the freight would amount to per pound. You cannot name a figure?—The freight per pound is $\frac{3}{8}$.

593. In the case of mohair what would it be?—It is the same. Wool and mohair are on the same footing. In the case of feathers it is one per cent. on the value, or it is by measurement, at the option of the shipowners.

594. You mentioned to the Chairman that it was competent for merchants who were dissatisfied, to combine together and charter a vessel. I think you only suggested that would be possible at certain seasons. Take the export of wool, what would those seasons be?—It might be any time between September and March.

595. You do not suggest that at other periods of the year it is practicable to do so?—It would still be practicable by chartering a sailing vessel taking, say, 2,000 bales; that, at any time of the season, is not a formidable quantity to collect together.

596. Can you tell me if it is within your knowledge whether the freight charged for wool from South African ports to the Continent compares unfavourably with freight from, say, Australia?—So far as I am aware, the normal rates from Australia by steamer are a halfpenny per pound, as against $\frac{3}{8}$ from South Africa. I think I am right in saying that it is $\frac{1}{2}d.$ per pound. In addition to that, there is one thing to take into consideration which is often lost sight of. The earning power of a ship from Australia is double that which it is from the Cape ; for the simple reason that we are shipping our bales of wool pressed in a way which would never be accepted by the steamers from Australia. All our wools are pressed, but in Australia they are pressed to quite double the extent. You practically get two Australian bales in the same space you could get one bale of South African wool ; that, of course, increases the earning power of the ships by nearly double.

597. What is the reason that that mode of pressing has not been adopted here?—Because there is no occasion for it. We have so little to offer that whichever way they press it, the shipping companies have as much as they will ever get. If it were pressed more it would be no advantage, because the ships would go home emptier than they do now.

598. Do you occupy any official position with regard to the Produce Association?—I am the Chairman.

599. You will be able to tell me whether, from time to time, say, during the course of the last four or five years, the Association has made complaints to the shipping companies in respect of non-regularity of service, in respect to height of freights, or in respect of any other matters?—None whatever. I could not recollect a single instance.

600. I gather also that you are not interested in any way in any shipping company?—In neither an English shipping company nor a Continental shipping company.

601. Nor are you agents?—Nor are we agents for any.

602. You do not ship to India or have anything to do with the Indian trade?—No.

603. Nor anything to do with the Mauritius trade?—No.

604. Nor with the coasting trade?—No.

605. There have been various suggestions made to us as to the classification of goods. Have you ever had to consider that question?—No.

606. You find no practical difficulties arising?—Not in connection with the export trade.

607. May I take it that your business is confined to one, or to, say, two or three articles?—That is so ; entirely export of produce.

608. And also a certain limited number of articles of produce—wool and mohair, practically?—Yes.

609. So that the question of classification would have little interest to you?—None.

610. And there might exist imperfections without your having your attention called to them?—That is so.

611. (*Chairman.*) We spoke just now about the Cape not being at all the dominant factor in the wool trade, simply because it is a very much smaller amount. What is your chief competitor, the Australian or the Argentine wool?—Chiefly from the Argentine. Australian wool also.

612. Australia exports 10 times as much as you do?—Yes.

613. Until you export a much larger quantity you must be dependent on the market in Europe?—That is so in any case.

614. That is the real reason why the farmer here is interested in the rate and really has nothing to say ; he cannot control the price there even if he gets a lower freight?—No, he could not control the price. The price is made for him on the other side.

615. He could not cast on them any higher freight that he has to pay ; he could not cast on the market in Europe any higher freight that he has to pay?—The market in Europe would be entirely uninfluenced ; absolutely uninfluenced. It does not matter whether we pay $\frac{3}{8}$ or $\frac{1}{4}$. I am quite certain, and I speak with authority on the point, it would not affect the intrinsic value of wool on the other side one bit.

616. You appear to export something like 60 million pounds weight of wool?—I do not know exactly the weight. The highest that we reached before the War was 330,000 bales. It has come back from then.

617. (*Sir John Macdonell.*) It has been alleged in regard to certain articles there has been a diversion of trade owing to high rates. What is your judgment in regard to that?—I have heard fencing wire mentioned, but I should have thought that fencing wire would be the very article that would escape the question of freight, because that is essentially a thing which lends itself to the charter by sailing vessel. There is a tremendous demand for fencing wire, and if there is one article that lends itself to special charter, it would be fencing wire.

618. (*Chairman.*) You are not interested in fencing wire?—No.

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619. (*Sir John Macdonell.*) You are a member of the firm of Liebermann, Bellstedt, and Company, who carry on business in Port Elizabeth?—Yes.

620. Your firm are members of the Chamber of Commerce?—Yes.

621. You took part in the voting upon the subject of deferred rebates, and voted with the majority against the continuance of deferred rebates?—Yes.

622. You have come to-day to state the circumstances of an incident which took place somewhere about the end of 1902?—Yes.

623. In the month of September?—Yes.

624. Would you kindly tell us in your own way what that incident was?—At that time I was in our office in Bremen, in Germany, and we had advice from Port Elizabeth that my firm here had bought out here a parcel of 12,590 cases of beef, c.i.f. Port Elizabeth, through the local agent of an American firm. At that time, in Bremen, the documents came through our home firm, to be paid on that side and to be financed by ourselves on Port Elizabeth. When we got those documents we noticed on the bill of lading that the shipment was by a ship called the "Honorius," which struck us as being a ship unknown to us and very likely not belonging to the Conference Lines.

625. Did you make enquiries and find that it was not?—We made enquiries and found it was a ship belonging to the Houston Line. In consequence of that we approached Donald Currie & Co., in London, and asked them what our position was in consequence of this shipment having been made, and in reply to that we received this letter which I have got a copy of here.

626. Would you kindly read it?—The original of this must be in our office in Bremen. This is a copy which was at the time sent out from our Bremen office to our office here—a copy of the original letter which the Bremen office received from Donald Currie.

627. If there is nothing private would you read it?—It is connected with this particular question. "We "duly received your letter of the 27th inst., and are "exceedingly sorry to have your advice as to the ship- "ment made on your account by the s.s. 'Honorius,' "as you have thereby, as already pointed out, for- "feited all your rebate, in terms of our circular which "stipulate that the rebate will be paid provided that "'shippers, either as principals or as agents, have not "'directly or indirectly made or been *interested* in any "'shipments to any of the aforesaid ports by steamers "'other than those despatched by the Conference Lines.' "The circular also states that the commission is not "payable on the goods of any consignee who directly "or indirectly imports goods by steamer other than "those despatched by the Conference Lines, so that "you will see that the rebate can be withheld under "either of these conditions. We have further to point "out to you that under the arrangements we have "made, entered into with our loyal merchants, your "support of the opposition not only loses you the "rebate, but in accordance with the notification made "by all the Lines last August, renders you liable to "increased rates for all the shipments you may have "to send by the Conference steamers. As, however, "we understand from you that the shipment has been "made through your Port Elizabeth house not realis- "ing the actual position, we shall have pleasure on "receiving from you a letter undertaking to give "exclusive support to the Conference Lines in future "and to pay the difference in freight between the "rate of freight by the 'Honorius' and the Conference "rate in not penalising you further in the matter of "rebate on account of this single shipment by the "'Honorius.' Our loyal supporters are pressing us to "protect them by penalising those who support the "opposition, and it is on this account that we feel "bound to ask for the difference in freight so that "your house may not be in a position to compete on "more favourable terms with shippers of the same "article by the Conference steamers. We may also "remind you that to protect our loyal shippers we are "making them a refund when we find that they have "had similar shipments by the preceding Conference "steamer to those in any opposition steamers."

628. Having received that letter, what happened?—I might just as well read out the further copies I have in connection with this. This is a letter written from our office in Bremen to Donald Currie:—"We "beg to acknowledge receipt of your private letter, "dated the 31st ult., the contents of which we perused "very carefully, and after conferring with our Mr. "Liebermann, who only returned from London this "morning, we decided to place your suggestion by "cable before our Port Elizabeth partners, and will "thus only be able to reply to same in a day or two. "You will no doubt easily understand that we prefer "to consult our partners on such an important matter, "more especially as these friends were not at all aware "or even have yet realised that by buying goods in "America through their agent at a price delivered Port "Elizabeth, if same were shipped by the suppliers in "steamers not belonging to the Conference Lines that "they were acting contrary to the terms of your circu- "lar. However, we expect to be able to send you a "satisfactory reply by to-morrow's mail." Then we wrote on the 7th November from our Bremen office: "As regards the shipment of beef in the s.s. 'Honorius,' "we have not been able to convince our Port Elizabeth "partners that although they bought the goods de- "livered Algoa Bay and are not the shippers, they "ought to have stipulated when arranging the pur- "chase that the goods must be shipped by a steamer of "the Conference Line, and not having done this, they "have, although unwittingly, acted contrary to the "terms of your circular. However, as we are anxious "to settle the matter without further loss of time, we "accept your proposal as per your letter of the 31st "ult., and herewith agree to pay the difference in "freight between the rate of freight by the 'Honorius' "and the Conference rate. Kindly send us a debit "note for this difference at your convenience"—and in the letter which the office here received from Bremen, dated 14th November, they say:—"We "further beg to enclose debit note for £93 15*s.* for "difference in freight on shipment of corned beef per "s.s. 'Honorius,' of the Houston Line. As advised, "we had to pay the difference between the freight paid "and the amount which would have been charged by "the Conference Lines to the latter, and we would ask "you to credit us with the amount."

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629. The incident was closed with the payment of £93 15*s.*?—Yes.

630. The Conference Lines were within their rights in asking that payment?—According to their circular letter they were within their rights.

631. They might, if they had acted upon the strict letter of the circular, have asked for forfeiture of all the rebates?—Yes, and they might have charged us increased rates in future.

632. At all events, keeping to the strict letter of the rebate circular, there might have been in consequence of this a forfeiture of all the rebates of your firm?—Yes.

633. So that, to put it shortly, you were allowed to get off the forfeiting of rebate on comparatively easy terms?—Yes.

634. That was an incident during the war of freights?—Yes, as I say I suppose it must be.

635. (*Chairman.*) You mentioned the Houston Line, did you not?—Yes.

636. (*Sir John Macdonell.*) Could you give me an instance of a somewhat similar kind not in a time of a war of rates, but in the absence of competition?—No, I could not.

637. May I take it that that is the only instance of the kind within the experience of your firm?—Yes, in my experience, and I think it is the experience of the firm too.

638. I should like to know whether you have heard of any case of forfeiture not merely by your firm but by any other firm since that time?—No, this is the only case I know of.

639. You have been connected with the Port Elizabeth trade for a number of years?—Not so very many years—four years.

640. As far as your knowledge goes, that is the only case where a forfeiture has occurred?—Yes.

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641. Is your firm prepared to meet all that would happen supposing the deferred rebate system were abolished and you had to trust to the open freight market?—Yes, I think we would.

642. In what articles do your firm particularly deal?—Particularly in liquors and groceries.

643. You are importers?—Yes.

644. Exclusively importers?—Yes.

645. In your judgment, are the freights excessive?—I could not say that, because this is the only instance in which I have been in touch with sea freights, and I have not studied that question by looking how our freights are. I am not prepared to express an opinion.

646. Did you personally vote respecting this matter?—I did.

647. Might I ask what were the reasons which induced you to vote, not having studied the sea freights?—Of course, I have taken a certain amount of the responsibility of the Chamber's as far as the answers are concerned. The position I have taken was only a matter of principle. I am against the present principle, whereby the Conference Lines have absolutely uncontrolled authority and power.

648. Apart from that objection, founded upon principle, are you aware of any practical inconveniences resulting to your particular trade from the deferred rebate system?—I do not take so much the deferred rebate system by itself—whether these rebates remain or not—as long as any other arrangement can be made whereby there is a power over the shipping companies who——

649. I do not want to curtail what you say in any way, but, as I understand, you voted against the deferred rebate system, and that you did so in part, at least, on the ground of principle. I am now asking you, do you know in your business of any practical inconvenience resulting to your own business from the deferred rebate system?—It all comes to the same. Why I have voted in favour of abolishing the freight rebate is because, as far as I can see, that is the only remedy to take away the absolute power which the shipping lines have.

650. I do not want to press you. If you say that you do not wish to answer the question or that you do not know, say so at once; but I am asking you a simple question: Have any direct practical inconveniences resulted to your business from the deferred rebate system?—I should say not.

651. You intended to give some other reasons why you objected to it. What were they?—My objection, as I said before, is that by these rebates the steamship companies have been able to acquire to themselves an absolute power over the shippers.

652. You think that is a perilous power to put in the hands of any body of companies?—Yes.

653. (*Chairman.*) From what port was this shipment made; where was this beef shipped from?—I could not say for certain, but I think from England.

654. I thought something was said about America?—That is what is said in one of these letters, because the parcel was bought through the representative of an American firm. I am not prepared to say whether this order had come from an American or an English port.

655. I wanted to ask you what the two rates were—the rate that you ought to have paid by the Conference Lines and the rate that you did pay to the "Honorius"?—I could not say. I have not got the particulars here of how this amount is made up.

656. How many tons does this 12,500 cases represent?—I have not got those particulars here.

657. (*Sir John Macdonell.*) About how many tons?—I could not say. I daresay I could find it out. I will see if I can find out.

658. (*Chairman.*) I should like to know the freight which you ought to have paid and the freight which you did pay. The difference, of course, we have here—£93 15*s.*, which is 1,875 shillings. I want to know how many shillings difference per ton there was?—I am afraid I will not be able to get you that information here.

659. I think it is important we should know where the shipment was made. Was it in America or on the Continent of Europe or was it at an English port?—That does not affect the question. Our firm here bought c.i.f., so it did not matter to them where it came from. As I say, I believe they must have been under the impression it came from America originally when they bought.

660. It makes a difference to my mind, because supposing it was shipped in America, was it not a question whether you were bound to ship this by the Conference Lines—whether that agreement of yours extends all over the world or did extend all over the world?—That referred only to shipments from England and the Continent. The United States was at that time on a separate understanding.

661. If you could give us that information?—I am afraid I will not be able to. It was all arranged in Europe by our Bremen office. As far as out here is concerned, the only particulars I could find would be a c.i.f. invoice not specifying the freight.

662. In this case, if you had not paid this fine and purged your contempt, as it were, you would have been liable for ever and ever to pay the increased rate for every ton that you shipped, and, of course, would have forfeited your rebates?—According to Donald Currie's letter, which I read out, yes.

663. You are not aware of any other case?—No.

664. You do not know of other cases, so you do not try and explain the strong feeling which there is no doubt amongst certain classes in South Africa against the Shipping Conference. You do not think that feeling is explained by an odd case of that kind?—I will not say that feeling is exactly explained by this. This to a certain extent explains the feeling which the great majority of the mercantile community here in Port Elizabeth has, that the Conference Lines have absolute power, which is proved by this case.

665. I suppose you talked about it at the time. It was felt here that it was a grievance?—It was looked upon in that way. I was not here at the time.

666. Do you think people of Port Elizabeth now speak of it? Is it a case most of them would remember?—It has been remembered. Before I mentioned the matter, Mr. Kayser, of the Committee of the Chamber, asked me if I would give evidence to you about this case.

667. You did not come forward; when you heard of the Commission coming to South Africa, you did not think at once, "I will go and state this case of "hardship"?—It was my intention to do so, but the Committee came to me.

668. And they asked you to bring this case before us?—Yes. They asked me if I had the records about it, and whether I would be prepared to give evidence.

669. (*Sir John Macdonell.*) This question you will answer or not, as you please. Your firm paid £93 15*s.* Can you give me, approximately, the amount of the rebates which your firm would have forfeited if the strict letter of the Conference circular had been enforced?—I could not give any approximate value; they were fairly large at that time.

670. Would they run into hundreds of pounds?—Yes.

671. Might they run into thousands?—They might have been over £1,000.

672. So that the Conference Lines, having the right according to the strict letter of the circular to have forfeited something like £1,000, were satisfied with the payment of £93 15*s.*?—That is so.

673. Does your firm in any way recognise the South African Merchants' Committee? Do you know of the existence of that body in London?—I could not say for certain.

674. Should you say that that body was only representative of the mercantile community of Port Elizabeth?—I would rather not express an opinion on that, because I am not sufficiently conversant with it; I know too little about it.

(Adjourned to 2.30 p.m.)

(Afternoon Sitting.)

Mr. J. C. MARTIN, examined.

675. (*Chairman.*) I see your proof says, "On behalf "of those members of the Chamber of Commerce who "dissent from the replies already submitted by the "Chamber with regard to ocean freights." We have taken the evidence of the Chamber of Commerce on this question. We will be pleased to hear you on your own behalf and on behalf of any of those who are familar with this question. You are not connected with the Union-Castle Line?—No, I have no connection at all.

676. Is Mr. Martin, the agent of the Union-Castle Line, any relation of yours?—None whatever.

677. You are a merchant here?—Yes.

678. Have you been long in business?—A good many years.

679. (*Sir John Macdonell.*) How long?—Ever since I left school—about 25 or 26 years.

680. (*Chairman.*) I will take what you say on Question 4, in answer to A. and B. On the first two questions you do not desire to say anything. Question No. 4 is: "What objections, if any, have you, "(*a*) to the system of Rings or Conferences, (*b*) to the "system of deferred rebates?" You say: "The prin- "cipal object of the Conference has been to secure to "shipowners fair rates of freights and to merchants "fixed rates and regularity of sailings." Then Question 5 is: "Has the effect of the system of de- "ferred rebates and of the South African Ring been "to divert trade from the United Kingdom to the "United States of America or the Continent of "Europe?" You say, "The effect of the system of "deferred rebates and of the South African Ring has "not diverted trade from the United Kingdom to the "United States of America or to the Continent of "Europe to any appreciable extent." Perhaps you would kindly develop that a little. Do you base that on your own experience or on the general figures of trade?—On my own experience, also on the figures of trade. I have gone through the annual imports from America, and the greater percentage of those goods are not really, in my opinion, affected by the rates of freight at all.

681. Taking each description of goods?—Yes. There is a great proportion of these, of course, which cannot be obtained from the United Kingdom whatever.

682. There are a number of competitive goods, surely. We have in evidence a number of things, such as japanned baths, and ploughs, and waggon bows and wheels, and various descriptions of ironware that come from the States?—There is certainly competition with Great Britain, but these particular goods which are made in America are more adaptable to South African requirements. A lot of the agricultural implements and agricultural machinery from Great Britain is not so adaptable to the circumstances of agriculture in this country.

683. You recognise that in several of these things the freight is a very large percentage on the value. Take japanned baths, for instance; ploughs 17½ per cent.; here are some wheels that are 30 per cent.?—Those goods will not make very much difference. They are of small value, compared to the whole.

684. Have you looked at the general figures of trade imports into British South Africa for twenty years?—No, only for the last year.

685. I did not know whether you could explain. We have had some difficulty in getting some explanation as to the large increase in particular years of the imports from the United States. It can hardly be accounted for by your explanation as to particular things being more adaptable. In 1895, for instance, there was only just one million pounds sterling imports from the United States; the next year there was £2,400,000. Was not that connected with shipping in some way?—I should not think so.

686. You do not remember it?—No.

687. The increase from the United Kingdom came the year before; the imports from the United Kingdom in 1894 amount to about 11 million pounds sterling, and in 1895 to 17 millions. It continued at 17 millions for the next two years. Then this very large increase had taken place from the United States. When we pass to a later period—in 1901 the imports from the United States were £2,600,000, the next year they had increased to £4,430,000, and in 1903 to £6,200,000?—Those were years when the trade was very good, and the ratio of increase was probably just the same from Great Britain.

688. The ratio was not the same, because in 1901 it was 20 millions from Great Britain, and it had increased to 30, whereas in two years from the United States it went up from 2·6 millions to 6·2 millions There you cannot give me any freight changes?—No, I cannot.

689. There was great competition in rates about that time?—Yes, I think so.

690. Do you remember those rates?—No.

691. Where do you import from?—From Great Britain, America, Germany.

692. Whichever place you can get the goods you want cheapest?—No, it depends upon whether the goods are more suitable to the country or not.

693. Have you not often goods which you can get from Great Britain, Germany, or the United States?—Yes. We often get them from Great Britain and from Germany and the United States, too. It is generally a cheaper article from Germany and the United States.

694. Are those goods which are under the operations of Trust corporations there?—I do not know what goods are under Trusts there, except oil.

695. Surely you know other things that are under Trusts?—I do not know any particular things that come here.

696. No metal trusts?—I do not know anything about that.

697. With regard to Question 6: "Do you consider "the rates of freight (*a*) from the United Kingdom to "South Africa, (*b*) from South Africa to the United "Kingdom to be excessive?" You say, "It is "admitted that, for the maintenance of an efficient "service such as we now have in the South African "trade, and in view of the absence of a full return "cargo for the steamers engaged in it, the rates of "freight outwards must be relatively high to ensure "a fair and reasonable profit to shipowners." Then you think that these freights are only relatively high; not higher than they ought to be?—I really do not think so. For instance, the merchants are quite open to import their goods by sailing vessels, but they find that they cannot get very many goods by sailing vessels owing to—after taking into consideration the rates of freight, although the sailing vessel may be lower—the higher marine insurance and the interest on the extended time before the goods arrive here; you can really get the goods out cheaper by steamer.

698. You attach very great importance to the regular services?—Yes. That shows that the steamer rates are not really too high.

699. There would be other steamer rates—there would be tramp steamers—if it were not for the rebates?—There are no tramp steamers just now.

700. Are not they really stopped a good deal by people not being able to use them?—I daresay so.

701. Do you not think that the rebate has an effect in keeping the business in the hands of the Conference steamers?—It has that effect certainly, but I do not suppose I would be any better off in any other way.

702. Do you not think that is the effect—is it not what it is for? I do not want to press you at all if you would sooner not make the admission?—The answer I gave I think shows that the steamer rates are not too high in comparison, because, as I said, you cannot get very many goods out by sailing vessels because the cost would be too high, taking the extra marine insurance and interest you have to pay. So that shows that the steamer rates are on a fairly low basis,

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703. Of course, you are aware that we have had great complaints that the rates are very high?—Yes.

704. And there is a great demand that they should be reduced. You do not want them reduced; you do not think it would be reasonable?—We would take them reduced if we could get them.

705. Have you had anything to do with fixing the rates; have you been consulted when changes have been made?—No. That is generally done at home.

706. You are not represented at the London Merchants' Committee?—Yes. Our people are perfectly satisfied as far as I know.

707. You have never made any suggestions through the London Conference as to change in classification?—Not from here.

708. You do not mind the length of time for which the rebate is retained?—I do not think it makes much difference.

709. Have you considered the last change reducing the rebate from 10 to 5 per cent.?—I know it has taken place.

710. The effect of that is to raise the rates a little bit?—Yes.

711. You do not mind that?—Not as long as everybody else is on the same footing.

712. At Port Elizabeth?—Yes, and the differentiation of rates to the different ports remains the same.

713. Is not that so?—This last change has made a slight reduction, which we all objected to.

714. Do you object to that?—Naturally.

715. You are content on the whole with things as they are with the Conference Lines?—Yes.

716. You do not think it would be desirable for the London Conference to be consulted before any changes of that kind are made?—Certainly I think they should. They usually are, I think.

717. Before this last change?—No, not before this last change, but usually I think it is the case.

718. Then you go on in reply to Question 8:—"Would it be practicable for South African merchants "to combine and charter tonnage in the open market "for their consignments?"—to say: "It would be "quite practicable for merchants to combine in the "charter of tonnage in the open market, but in our "opinion this would lead to a great uncertainty of "rates and sailings, besides tending to give greater "advantages to the large importer to the detriment "of the smaller." Thus I see you attach importance to the small importer having as good treatment as the large?—Yes.

719. You do not make any suggestions with regard to Question 9, because on the whole you are well satisfied?—Yes.

720. At the time of the Houston competition were you in business here?—Yes.

721. Were you offered terms by them to leave the Conference Lines?—I cannot say. Probably our London people were.

722. Some of your competitors did take Houston's terms?—Yes, I believe they did.

723. Did that affect you?—The regular liners met the competition to a great extent. Of course, I understand they took contracts from one or two extending over a number of years, but as far as I know it has not affected me personally. I think that refers more to soft-goods firms.

724. Do you get the rebates paid to you here?—No, they are paid in London.

725. What becomes of them?—We get them.

726. You belong to a London firm?—Yes.

727. Your firm gets them paid in London?—We have a London office.

728. You have never had any difficulty in getting them repaid?—No.

729. Do you do any export business here?—No.

730. Do you do any coasting business here?—Nothing worth speaking of.

731. Generally, your opinion is that the Conference must have these rebates to keep its hold on the trade?—Yes, unless some better scheme is devised.

732. Have you ever experienced any inconvenience from lower rates being granted to the Governments or the mining companies or municipalities?—No.

733. You do not deal in goods that are imported by such, I suppose?—Not here. Our firm does in Johannesburg; I dare say they could tell you there.

734. How do you import from Germany?—By the regular liners.

735. By the German Conference Lines on the East Coast?—West Coast, round by Cape Town.

736. Are you in competition with the German merchants who send goods from the interior towns in Germany?—No.

737. You do not suffer any competition with a cheap rate from a town, say, 200 or 300 miles in the interior of Germany at a combined railway and shipping rate?—No.

738. You do not know of any secret preferences that have been accorded in the matter of rates?—No.

739. You think that this Conference behaves in the same way to all, and you get on the whole fair rates?—I think so; yes.

740. (*Sir John Macdonell.*) Are you connected, as shipping agents or otherwise, with shipping?—I am not connected with shipping at all.

741. You, as I understand, import exclusively?—Yes.

742. You have a house, or at all events an office, in London?—Yes.

743. In your view, your interests as importers are represented fairly by the South African Merchants' Committee?—I think so; yes. Our London office has a representative, I think, on the committee.

744. It might be the case that these houses here that have not got offices or branches in London, might feel that they were not satisfactorily represented by that Committee?—They might.

745. I take it that there are a considerable number of importers at Port Elizabeth that have not offices or branches in London?—They have buying agents.

746. Could you give me any idea, roughly, of the proportion of importing houses that have branches in London?—I could not say.

747. What kind of articles do you chiefly import?—Building materials of all kinds, fencing, agricultural implements, American furniture and goods, provisions (like canned goods).

748. In short, a very great variety of goods?—A good variety.

749. You have told the Chairman that, on the whole, you are entirely satisfied with the system which exists?—Yes.

750. Can you explain to me the reason of the dissatisfaction entertained by so many others here and elsewhere?—I suppose they feel they would like to have freedom of action.

751. Giving them, as you readily would, credit for intelligence and knowledge of their business, what is the explanation of their dissatisfaction?—I cannot account for it otherwise than that they would like to have freedom of action.

752. You do not mind about having that?—Oh, yes. I would like freedom of action, too.

753. Have you in point of fact, freedom of action? Have you any control over the rates or anything connected with the rates of importation of goods?—No, except that we are represented through the London houses.

754. As members of, or as influencing the South African Merchants' Committee?—Yes, we are represented through the South African Merchants' Committee.

755. Except so far as that influence may exist—and as you pointed out to me, it would not exist so much in the case of those who are not members—except so far as that influence exists, you have none?—No.

756. So that putting it shortly, you are, as far as rates are concerned, in the hands of the Shipping Combination?—Yes.

757. You have called attention to certain advantages which the Shipping Conference offers. They give you regular sailings?—Yes.

758. And they give you good ships?—Yes.

759. And they give you, as you think, reasonable rates. What security have you for the maintenance of all these advantages?—I do not think we have any guarantee at all. I might say there are other things which the shipping companies do. They agree not to send out any goods on the ship's account. That is, if they have a vessel on the berth and have 200 or 300 tons of space, they do not fill it up on ship's account and send the goods out here for sale.

760. I think that proviso is in the circular of March, 1893?—It is an agreement between the Merchants' Committee and the shipping company.

761. What I want to be clear about is this. According to any of the circulars or the agreement, is there anything which binds the company to give you regular sailings?—I do not know.

762. Or to give you any particular rates?—I could not say.

763. Is it not true, to a certain extent, that you are bound in certain ways, while the Shipping Combination is not?—I do not know.

764. If you have not considered the matter I will not ask you any further questions about it. Taking articles of which you have experience, which include, as I understand, agricultural implements, you mentioned, I think, to my friend, that the agricultural implements imported from the United States were articles of a kind more adaptable for use here. Is that so?—Yes, to a great extent.

765. Take the instance which was given by one witness, Mr. Kayser, the case of ploughs; he specified those of certain prices. Do I understand you to say that ploughs of the description which he mentioned cannot be obtained from England?—Yes, for about double the price.

766. I should like to have that perfectly clear. Mr. Kayser mentioned cheap ploughs—some of which might be bought for five dollars. Is there any plough of a similar description procurable in England?—Yes.

767. For a somewhat similar price?—About double the price.

768. The point that he made, in your view, has not much substance?—I do not think it would have anything to do with it in that case. That particular plough is made in America and sold in America at a considerably higher price than what it is sold for for export.

769. Another illustration which he gave us, I think, was American furniture. Do you think that the price of the freight operates to increase the cost of the article to the consumer?—No, it is a very cheap class of furniture that comes from America, or the greater part of it.

770. If it is a cheap class of furniture the freight would be a more important element, would it not?—You cannot get that same class of furniture from England.

771. We are mixing up two questions. Aye or no, does the price of freight in regard to the two classes of articles which I have mentioned—agricultural implements, especially ploughs, and furniture—affect in any way the cost to the consumer?—I do not think so.

772. Is it your considered opinion that in the selling price of cheap furniture the freight does not enter as an important element?—Not in this particular kind of furniture.

773. Would you mind giving a figure?—I cannot give a figure.

774. Take a dozen chairs made in America—the cheapest quality?—You cannot get these chairs in England. You can get them cheaper from America.

775. That is the other question. For the moment I am directing your attention to the question: Aye or no, does the element of freight enter at all into the price of the twelve chairs?—I do not think so.

776. Would you mind making it clear to my mind. You would know what is a reasonable price?—I cannot remember the price of chairs in England.

777. I am asking the price of chairs here to the consumer. In the selling price in South Africa of chairs, of a cheap kind, made in England or America, aye or no, is the freight an important element?—I do not think it is.

778. (*Chairman.*) Is your point, Mr. Martin, that these chairs have to come from one of those places, that you cannot make them in this country, that you get them cheap, especially in America, and it is a necessary addition to the cost that you have to put on so much for freight—about half as much again, and even with that freight put on, you get them cheaper than you would get them made here; is that your point?—(No answer.)

779. (*Sir John Macdonell.*) It would be clearer if we had before us a precise example. If you tell me you do not know anything about the price of chairs, I will stop?—I cannot tell you the home price of chairs.

780. I am speaking of the price of chairs in Port Elizabeth?—If I had to pay 2*s.* 6*d.* a ton more freight from America than from Great Britain, I would still get them from America—is that what you mean?

781. I am not asking you to put a question to me, I am putting a question to you and inviting you to give an answer, if you can?—I do not understand.

782. I will pass from that. As regards the classification of goods, have you ever considered the point?—No, I have not thought about it.

783. I do not want to put you in a difficulty; I am only anxious to get information. Have you ever known instances of forfeiture of rebates?—No.

784. Have you ever known of any threats?—No.

785. No instance, as far as your business career goes, which, I think, you said extended over 25 years?—I have heard of it, but I do not know anything definite. I have heard it mentioned that there is such a thing.

786. Do you mean you have heard of specific instances?—No, simply hearsay talk.

787. Either hearsay or not, have you heard of specific instances?—No, I have only heard it just as talk. I have heard nothing definite.

788. Have you considered whether or not it is satisfactory that the rates of Port Elizabeth, as compared with the rates of East London and Durban and Cape Town, should depend solely upon the will of a certain group of companies, for the most part situated in London?—I suppose they take into consideration the facilities they get at each port. I do not know whether it is satisfactory or not.

789. If you tell me you have not considered this, I will not deal with it?—I have not considered it.

FOURTH DAY.

Town Hall,
East London,
Thursday, 12th September, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),

Sir JOHN MACDONELL, C.B,

Mr. J. A. WEBSTER (*Secretary*).

(*Chairman.*) I desire, first of all, to thank the Mayor and the Municipal Council for having placed such an excellent hall at our disposal. I am extremely sorry that Mr. Birchenough is unable to be present; he will join us as soon as he can do so. I regret to find we shall not have any representation from the Chamber of Commerce itself; we shall, however, have one or two of the members, and I may say we shall listen very carefully to the various views which will be placed before us. I will now ask the first witness kindly to give evidence.

Mr. S. E. GASSON, examined.

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790. (*Chairman.*) What position do you hold here?—Produce buyer.

791. Have you been long here?—I have been a member of the firm of Gasson & Co. since 1889.

792. What particular produce do you buy?—Wool, mohair, skins, grain, and forage.

793. The latter would be for local consumption, not for export?—Not for export.

794. Do you appear on behalf of the regular wool and produce shippers?—Yes.

795. Are they a corporate body?—No, it is not a society.

796. Have you had a meeting?—Yes.

797. And they desire you to give these views before us?—Yes.

798. Were you all unanimous at that meeting?—Yes.

799. I understand that the general effect of your evidence will be that you are in favour of the present state of things?—That is so.

800. Including the rebates?—Yes. I may mention, with regard to my letter to the secretary, that we should like an addition if possible—that the Conference Lines should guarantee us adequate protection in the event of competition.

801. That is, in case of your competitors sending their exports at cheaper rates, the Conference Lines should either fine them or should not pay them back their rebates?—No, I would not like to put it that way. I may mention that up to the present, when outside steamers have come on to the loading berth, the Conference Lines have always supported their supporters; they have always met the competition by reducing the rates. We have no cause for complaint, and we are very well satisfied and thankful to them for what they have done in the past; but the position, we feel, is this: that we should like, instead of it being an act of grace, to be an act of necessity that they should meet that competition.

802. Are you under any agreement with them?—Only the rebate agreement, which is a one-sided contract—that is, that the Conference Lines give us the benefit. They bind themselves to hand to us the 10 per cent., but they do not bind us in any way, merely saying that "If "you break away from us we shall not return you that "sum, but if you remain loyal to us we shall give you "that sum." Say the rate of freight is $\frac{3}{8}d.$ and 10 per cent. They say, "At the end of six months make up "your account, and if you continue shipping by us for "another nine months we shall make you a rebate of "10 per cent., but our rate is $\frac{3}{8}d.$ plus 10 per cent."

803. Does most of the wool go home greasy, and what is the rate on washed or scoured wool?—Yes; the rate for scoured wool is $\frac{3}{4}d.$ and 10 per cent.

804. There has been no change in the rebate made within this last month or two?—There has been no change in the rebate since 1892.

805. The change reducing the rebate to 5 per cent.?—It does not apply.

806. You have heard of no change that is likely to come?—No; no change has occurred, and we have not received any intimation that a change will occur.

807. You say you would like that the companies should protect you by a formal agreement in the event of a freight war by lowering your rates to those of your competitors?—Yes, putting on the tonnage at the same rate, or allowing us to ship by the other boat which may be on the loading berth.

808. That is another way of doing it. As regards wool, which is, I suppose, by a long way your most important export, the price which you pay the farmers depends to a certain extent on the freight here?—Yes, it depends on whatever the freight is. We take that off the price.

809. The price depends, I suppose, on the condition of the wool?—Decidedly.

810. But it does not depend, does it, on anything but the European market?—Of course, the home markets rule the price.

811. Your consignments do not rule the price?—No.

812. They are not big enough?—No.

813. Perhaps you wish they were?—Yes, it would be very nice for this country if its exports were as great as those of Australia.

814. As a rule, does your wool fetch a pretty high price on the market?—Prices vary according to the quality.

815. Is it fairly even?—No.

816. It cannot be standardised at all?—No.

817. Have you approached the Conference Lines as to your wishes as regards their conduct in a freight war? Have you asked the Conference Lines to meet you in that way?—No, we have not. The office is situated at home; I do not think there would be any authority on this side.

818. You are not represented at home?—Yes.

819. Your firms are represented, but you do not belong to the London Conference of Merchants?—I do not know whether my agent belongs to that or not. We do not personally.

820. You would require some home committee to represent your interests there, would you not, to discuss this thing?—I suppose it would be necessary unless you could represent it.

821. I do not know that we should be entitled to represent you before the Conference Lines. We might be told to mind our own business. Otherwise you say you have no complaint against the Conference Lines?—None whatever.

822. Can you give me an account of any recent freight war by which you have been affected?—There was the freight war with the Houston Line and the Bucknall Line. In both those cases the Conference Lines met us either by reducing the freight to the same level or by giving us permission to ship by the opposing boat.

823. Did they do that on their own motion or did you ask them to do so?—We suggested it to them.

824. Had you any difficulty in getting it done?—They demurred once for a short time, but we explained the position, and they saw the reasonableness of our request and granted it.

825. Then you say that outward and homeward freights should be treated independently of one another. I would ask you to amplify that a little?—My reason for suggesting that was this, that there appears to be a great deal of difference among the outward shippers whether they are satisfied or dissatisfied with the Conference Lines. We the homeward shippers do not want to be dragged into that matter; we have nothing to do with the outward freights; we are all thoroughly satisfied. I would say more if the Union-Castle Company was not represented here. I was going to say we are more than satisfied. And under those circumstances I want the matter—speaking for the homeward shippers—kept apart from the outward shippers. We want the present arrangements to continue. It is absolutely necessary for the welfare of our business.

826. Why?—We want stability in freights and regular sailings. Regular sailings are absolutely necessary to us.

827. Would you not like to have lower freights?—I do not see how we can have lower freights when the fighting rate was 5*s.* a bale and did not pay. We cannot expect the companies to carry stuff at a loss.

828. You do not think that your wool and other produce could be carried by tramps pretty regularly at a lower rate?—I do not. I would refer you back a few years—to ship by sailing vessel is just as dear as the present rate we are paying.

829. Not the nominal rate?—No, but when you take into consideration loss of interest, rates of insurance, leaving out of account the possible risk of loss of market, then it is just as dear.

830. What would the farmers say to that—they would like lower freights if they could possibly get them?—I had better speak as a farmer.

831.—Are you a farmer?—I am a farmer on a very large scale. I am both a produce buyer and a farmer. I consider, having stability of freights and regular sailings, that it is in my interest as a farmer that the present arrangements should continue.

832. You would like lower freight if possible so that you would get a greater proportion of the price when it reaches Europe?—If the company were to come along and say, "We shall give you the same amount of tonnage "as we do at the present time so that you shall not have "an accumulation of wool as happened years back, so "that your wool can be taken home in good time for the "sales," I should say, "If you are prepared to carry it "for nothing we shall be much obliged to you."

833. Is it important to get your wool home as soon as it is ready?—There are times when it is most important to get the wool home, and proof of that is this. We have the mail boats calling once a week; we also have an intermediate boat, which comes into the river, leaving once every week, belonging to one of the lines. Many shippers often put the wool on board the mail boat which necessitates an additional expense of 1*s.* 2*d.* pe bale on greased wool for lighterage.

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834. Is it because the mail steamers do not come int the harbour?—Yes, they cannot come into the harbou The other boats do, and those that come into the harbou have not any lighterage charge, so we gain 1*s.* 2*d.* pe bale by the intermediate.

835. How many pounds per bale?—You can take ar average of 360 to 400 pounds per bale of wool.

836. That is as pressed?—Yes. You are asking tha question about freight. As a matter of fact, there ar times when I think we would willingly pay a slightl higher rate of freight if it were necessary in order to ge the wools home. It is not many weeks ago that I mad enquiries to see if I could get wools home in time fo the coming sales—24th September. If we missed thes sales we should incur a lot of rent at home and shoul also incur loss of interest and possibly loss of market.

837. There is no damage to the wool from being hel over to another market?—No, there is no damage to th wool. Only damage to the owner's pocket.

838. You want your money as soon as possible?—Exactly.

839. So in many cases you will pay that extra charg for the lighterage for the mail steamers?—Yes.

840. Could you say what proportion would go by thes mails?—No.

841. Could you tell me roughly?—No, that is impos sible. I have not the figures.

842. Half would not go by the mails, I suppose?—I d not think so.

843. As regards "outwards" and "homewards" freigh being treated independently of one another. You mea you do not want to be mixed up with any differences o opinion on this question?—Exactly; that is the position If the outward shippers were unanimous in wanting th retention of the rebates, we should be quite pleased to b coupled with them. Whilst they have diversity o opinion we prefer to stand alone.

844. Supposing the rates happened to be low, or som big shipper ships by a cheap line, the farmers would wan a bigger price, I suppose?—I do not know that the would. Most of the wools pass into the hands of mer chants up-country. The farmers take them to the merchants; the merchants send them to the coast, either for shipment or for sale. If you have an outside boat a a lower rate of freight the merchants would probabl benefit, as it might enable certain people to execut certain orders, perhaps, which they otherwise would no be able to do, because the people would be able to giv slightly more—the freight being lower. That would b the only thing. I do not see how the farmer woul benefit.

845. We have been informed that the farmer wa rather keen, in such circumstances, to get a higher price —If you could have a regular rate of freight, say at one eighth instead of three-eighths, naturally the farme would benefit to the extent of a farthing.

846. Of course, in a freight war you get great fluctua tions?—Exactly; and instead of having to pay three eighths one week, it stands to reason, if you have freight war and there are no outside steamers—m experience is that the Union Castle and the other lines o the Conference are business people, and if they had a opportunity of making $\frac{3}{4}$*d.* out of us in a case like tha they would be thoroughly justified in doing it. Yo must not overlook the fact that in the wool season year back we had very great difficulty to get our produc away; we could not get it home promptly, there was no sufficient tonnage, and we would have paid almost any thing to get it away. We do not want to revert back t that.

847. I gather you attach great importance to th present conditions of your service—the uniform rate and the constant service?—Yes, regular sailings.

848. You do not think, speaking for a moment from the farmer's point of view, he would be benefited by

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running the risk of occasionally paying higher freights and of very often getting lower freights?—No, I do not see how he possibly could be benefited, because the buyers here have to be sure what the rate will be. If the rate is a farthing one week and a half-penny the next, they will want the boat on the loading berth before they can buy.

849. I suppose the merchants up-country are competing with each other, more or less?—Yes.

850. Does the farmer up-country know anything about these rates?—Very few would take any interest in them, and I do not suppose 5 per cent. of them know the rates of freight.

851. He would be benefited by the higher price of wool of late years?—As far as a farmer is concerned, the price of wool enters into another question as the merchants invariably purchase the wool in order to be able to sell goods, and under these circumstances the farmer generally received full value, and even receives over value for his wool. The merchant has to stand the racket.

852. The merchant does not pay any more than he can help, I suppose?—No, but he is compelled by force of circumstances. If there is a good customer they will even give an eighth of a penny over its value in order to be able to sell their goods to that man.

853. (*Sir John Macdonell.*) I believe the Produce Association was unanimous in the expression of opinion which you have stated to-day? — We have not an association here, but it is virtually the same thing—one of the produce shippers came round, and all the produce buyers were unanimous.

854. You have no hesitation in stating that the opinion which you express to-day is the opinion of all the exporters in East London?—I was delegated by the exporters to represent them here, and I am expressing their opinion.

855. Their unanimous opinion?—Their unanimous opinion, yes; we sent you a letter to that effect signed by the different shippers.

856. Are you in any way connected with shipping?—No, except as an exporter.

857. Has your association at any time during your experience had to make any complaints with respect to the rates or with respect to the treatment of your goods in any way?—Only the instance that I mentioned.

858. I am coming to that. Your view is that, subject to certain minor modifications, the present system is entirely satisfactory?—Yes.

859. You admit that some of the advantages which you receive are given as acts of grace, to use your own expression?—Yes.

860. In fact, at the present time, it is a one-sided contract?—It is a one-sided contract in our favour.

861. Is that exactly so?—I think it is.

862. Please explain why it is all in your favour. Are the Conference Lines bound under any contract to give you any specific rates?—No, they are not under contract to do that.

863. In that sense they are not bound?—True.

864. You state you are satisfied with the rates, but, whatever rates they quote, those rates you must pay?—You mean at the present time, yes. If they were to raise their rates, it is open for us to decide whether we should ship by them or not. If they were to put up their rates, the exporters would preferably go round and see if they could not get other tonnage.

865. But at all events it is competent for them, subject to the qualification that you have stated, to alter their rates without in any way consulting you?—Yes.

866. They do give you a regular and, as I understand, a completely satisfactory service?—Yes.

867. That again is an act of grace on their part, is it not?—Yes.

868. You wish them, as I understand, to give some guarantee that their loyal supporters shall be loyally supported by them?—Yes.

869. But at the present moment you have no guarantee of that kind?—We have no guarantee, except that we know what they have done in the past, therefore I say it would be useful if we had such a guarantee.

870. In that sense the contract is what I might call one-sided?—Yes, putting it as a contract, then it is one-sided.

871. I am putting this question to you in order to lead up to one general question. Would it, in your judgment, be preferable that your duties to the shipping combination and their duties to you should be expressed in some formal document containing all the terms of the contract?—We should like to have it, but, up to the present, we have not received such a document; their word has been sufficient. We have always understood there would be no change without notification.

872. In practice you have found all the advantages or practically all the advantages which could be got from such a contract; but still, do you not think that on the whole it would be preferable that there should be some contract which should define the rights and duties of both parties?—Yes.

873. You mentioned to my friend, in the first place, that you would like some guarantee of support on the part of the companies to their loyal supporters. Has there not been some complaint that that duty on the part of the shipping combination has not been entirely observed?—No, I have not heard of it.

874. You have not heard that complaints have been made that certain customers of Messrs. Houston received certain special advantages, and that these advantages have not been accorded to certain loyal supporters?—I do not know of them.

875. As far as East London is concerned you are entirely satisfied? It is the case, I suppose, that the various firms forming this combination might alter the rates of East London, and the rates of Port Elizabeth, and the rates of the other Cape Colony competing ports without any consultation with anybody at these ports?—I suppose they might, but, at the same time, I think they would probably create dissension.

876. At all events, it is in their power to alter the natural economical and geographical advantages of the respective ports?—I do not know whether it is in their power. The Government would have something to say about that. Then, of course, you are now speaking of "outward" freights to a great extent. I have nothing whatever to do with "outward" freights.

877. It is perfectly true I had in my mind "outward" freights, but the remark would apply, would it not, to both "outward" and "inward" freights?—Yes; I do not think such circumstances would arise.

878. I see you think it highly improbable that they would use their power in an improper way, but does it not strike you as somewhat anomalous that a number of companies, whose headquarters for the most part are in London, should have this power?—I do not see that they really have very much power at the present time. They are giving us equitable rates; we know where we are; they are treating us well; we have no cause for complaint, and as long as they continue to do that we shall remain loyal to them.

879. You have made it very clear to my mind that that is your opinion. One question of fact—what would be the difference in a rate of insurance for a cargo of wool conveyed by one of the Conference steamers, and the rate upon a similar cargo conveyed by an ordinary tramp, neither very good nor very bad?—I am not conversant with the rates. My partner, who invariably runs this branch of the business, is at present in England, and I am not in touch with the insurance rates.

880. I should be very glad to have your opinion if you have any upon it?—I daresay there are one or two here who could tell you; I know the rates are high.

881. Then too, there would be, I suppose, a difference, sometimes at all events, between the facility and the certainty with which claims on the part of the shipper would be satisfied by the combination steamers and the manner in which they would be satisfied by tramps?—I do not quite follow.

882. Supposing that wool were damaged in the course of the voyage, and that some claim was made by the shipper of the wool against the ship, I suppose I may take it that claims would generally be—supposing they were well founded—more readily satisfied by the Conference steamers than by the owners of tramps?—Well, no; I should not like to say that. I daresay you would have honourable men who were in command of the

tramp lines, and if the accident or the damage was owing to their fault, they would pay, I hope.

883. You see no reason to think that that is a material difference?—I do not think so.

884. The chief exports from East London, I suppose, are wool, mohair, skins, and hides?—Yes.

885. What else?—I suppose they comprise the chief exports.

886. What you have told the Chairman with respect to wool applies in a great degree to the other export commodities?—Yes.

887. Your wool would compete with the wool from Australia and the wool from Argentine?—Yes.

888. Can you give me any idea of the respective freights for wool from East London and some of the Australian ports?—I was informed a day or two ago that the rate from Australia was ½*d.* per pound.

889. Are you speaking of to-day or a year or two ago?—I was informed a day or two ago that the rate was ½*d.* per pound from Australia.

890. We were informed by one witness that there was another important difference. The Australian wool is packed very closely; is that true of the wool here; is it packed to the same extent?—No, it is packed about the same here as in Port Elizabeth. The Australian wool is pressed very much tighter.

891. So that the earning power of the vessel conveying wool from Australia is considerably larger?—It would be. Of course, the export is very much larger from Australia. I was going to point out that the size of the bale really makes no material difference. I expect the shipping company would ask us to press our wool into smaller bulk if there was sufficient cargo offering.

892. Still, in fact there is that difference; you must not merely look to the money rate of freight, you must also look to the fact that the Australian wool is more packed?—Not only that, but they have very much more cargo. The boats here very often have to go home practically empty. It makes a great deal of difference if you have a full cargo or if you have only about a tenth or a third of a cargo.

893. In the long run the round voyage has to pay the freight?—Exactly.

894. Have you reason to believe that exactly the same terms are accorded to the small exporter as are given to the large exporter?—I have never heard of any different terms. They are always the same to my knowledge.

895. Do you think that that fact is a considerable advantage to a man in a small way of business?—I think it is fair. It gives him a chance.

896. Have you considered whether, if the rebate system were done away with and the companies were free to charge as they pleased, it might be a great disadvantage to the small man?—It might be a very great disadvantage to the small man. One with large quantities would naturally get better rates. I had a good deal of experience of shipping many years ago in England, before I came to this country, and I attended to the shipping department then, and I knew when there were freight wars to New York and other places, that it was quite possible to squeeze rates if one had a fair amount of cargo.

897. It is quite possible, I suppose you would say, that if a ship was half full or three quarters full, that the shipowner anxious to fill his ship, would take a certain amount of wool at a less rate?—Exactly.

898. Have you thought whether or not for your trade it would be practicable to obtain by chartering the facilities which you desire for your trade?—No, I do not think so.

899. What would be your difficulties?—Our difficulties, would be in this way. At certain periods of the year in the wool season, wool comes along in quantity and we want to get it away. Then I take it one could not get outside boats at a moment's notice.

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900. Probably it could be suggested that shipowners generally would have thought there would be a demand at that particular season for their ships and would be ready to accommodate you?—Yes, and presuming they did not accommodate us.

901. You think then that your position would be very serious?—We might be caught. We might want to get the wool home. It might be that the order was sent to us on the understanding that the wool should be there at a certain time, and we should be compelled to pay a higher rate of freight in order to get it home rather than have the wool lying on our hands.

902. Does the shipment of wool require a high-class vessel?—I have not studied that; so long as the insurance rates are right, I think it would not signify.

903. That would be measured by the insurance rates. You cannot say?—No.

904. As I understand, you do not know much about the import trade?—No, very little.

905. You would rather not speak to that?—No.

906. (*Chairman.*) Do you expect any large increase in the exports of wool from this country?—Yes.

907. Of course you have had great vicissitudes, and the number of sheep have very much decreased since the last few years?—That is so. The prospects, I think, this year are better than they have been for a long time. I expect a large increase in the number of lambs in the Orange River Colony, and I think prosperity is now pretty well in view.

908. Supposing you get a large increase in the export of wool, would that alter your opinion or your views on this question?—It would rather strengthen the retention of the rebates. There would be the greater weight to get home, and it would be necessary for us to be able to rely on regular and sufficient tonnage and fixed rates and fair speed. We do not want a boat like the "Hyperion," which took 36 days to get home.

909. If you had a much larger quantity of wool sent home, would you think you could charter your own boats, or that the Government might charter boats, or the Government own boats to take your wool home?—It would be rather reversing the position if I could ask you a question.

910. I am afraid I could not answer it if you did?—I should like to throw your question back upon you.

911. Your views would not be altered if there was double the export of wool?—If it were trebled they would not be altered.

912. I do not think you told us whether you sent your wool to the London or to the Continental market?—We send some of our produce to the London market, some of it to the manufacturers. A lot of it finds its way to the Continental market.

913. For the Continental market it all goes by the Conference Lines and they take it on to the Continent?—Yes.

914. How do you buy the wool from the merchants—not by auction, do you?—No.

915. By sample?—No, we go round and see the wools and make an offer for them.

916. You see the wool itself?—Yes.

917. (*Sir John Macdonell.*) You think, on the whole, it would be well to have a contract defining the terms between you and the shipowners?—I think it would be satisfactory, but of course if there was any signed contract on our part, binding ourselves, we should really want it inserted that the Conference Lines would support us inasmuch as they would meet any competition.

918. In the event of any difference arising between you, would you be in favour of agreeing to a summary mode, such as arbitration, of determining disputes or differences between you?—I have had experience now of the company for 18 years, and whenever approached I have never found them unreasonable, so that really I do not think it is necessary to have any arbitration clause.

Colonel Rhys Howell Price, C.M.G., examined.

919. (*Chairman.*) Are you in business here?—Yes.

920. You are also President of the Chamber of Commerce, I believe?—I am Chairman of the Chamber of Commerce, but I do not appear here in that capacity.

921. I understand that you had a meeting on this question?—Yes, we had several meetings. On the general freight question we have had meetings for years and years. We had a specific meeting on this question.

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922. As regards the questions which were put to the Chamber and our coming here to take evidence on them, you had a meeting on the 31st August. Was that the last date?—I am not sure of the date.

923. Anyhow, you had a meeting this last month?—Yes.

924. How many attended?—There were 24 voted. I think everybody voted.

925. About 24 voted. How did they vote?—On the main resolution—that is, clause 4—14 supported the views I represent and have submitted to you, and 10 supported the views that Mr. Nesbit will represent.

926. Did anything further happen?—Yes. The feeling was extremely keen on the matter, and the Committee met again. We met privately, and the Committee agreed that as the feeling of the Chamber was so divided and such strong views were held, and only 24 out of 64 members had settled the question, it was reasonable that the Chamber of Commerce as a corporate body should not give evidence, but that each party should give its views independently, and this was approved by a plébiscite.

927-928. Was it not rather curious that if there was a strong feeling only 24 out of 64 members should come to the meeting?—It was not so much that as the voting itself. There were 14 to 10, and it was pointed out that one of the 14 represented only shipping interests—that would bring it down to 13 to 10—and the Chamber hitherto had advocated the abolition of rebates pure and simple. It was deemed under all the circumstances that it would not be fair to commit the Chamber as a body, and it would be better for each party to give its views independently.

929. Did you try to get the opinion from each member of the Chamber in any way afterwards?—No; no official steps were taken in that respect. The meeting was well advertised, and I may say that, with regard to the 64 members, a large number of them never attended the Chamber of Commerce. Such institutions as banks never turn up. The biggest meeting we ever had at the Chamber was on the vital question of railway rates, which is life and death to this port. That was a record attendance: 36 members turned up. 24 on the freight question was not a bad attendance; it was not an extremely good one, but 36 is the very best meeting we have had in recent years.

930. You say that previously the Chamber had declared itself altogether against the deferred rebate system?—The Chamber had declared itself against the rebate system. That was, to get over the freight difficulties, the Chamber advocated the course of abolition of rebates.

931. To what do you ascribe the change in the attitude of the Chamber?—I will be prepared in my evidence to state what changed my views and what I submitted to the Chamber.

932. Perhaps we may take as typical of the change if you had voted previously in favour of the abolition of the deferred rebates?—Yes, I think so. It will come out in my evidence.

933. With regard to question 2, you say, "On consign- "ments to South Africa, certainly he does; on consign- "ments from South Africa, it is a matter of arrangement." Is that a matter of arrangement with his consignee?—With his firm in London. As a general rule, I think the merchant out here does get the benefit of both rebates, but there are some firms who have London houses, and the London house keeps the rebate. It is purely a matter of arrangement.

934. In one form or another you get the rebates?—Yes.

935. So there is no question of their being retained by the exporter in the United Kingdom?—No. In discussing this thing, one partner told me they have a firm in London and a firm here—practically the same firm trading under another name—but he says his firm in London keeps the rebates. Speaking as a firm, every penny of the rebate is credited to us here. I think that is the general rule, and I think that should be done.

936. You say you have no actual knowledge of any cases of rebates having been forfeited?—There have been cases where firms had broken away from the Ring, but in the only prominent case I know of they got their rebates back again. That was in the Houston case.

937. The merchant was not fined?—He came out all right in the long run.

938. We had a case at Port Elizabeth, a question of a fine happening in 1902, in the case of the "Honorius"?—I know of no such instance.

939. Somebody was fined £93 15*s*. You did not know of that case here?—What was he fined for?

940. For the difference between the freight which he paid and the freight which he ought to have paid to the Conference Line?—I do not know how a point of that sort could arise. There must have been special circumstances.

941. On the other hand, I suppose if you had goods arriving by a Conference Line and one of your competitors brought out similar goods by an outside boat cheaper you would object, would you not?—Yes, very strongly under a proper rebate system.

942. You would expect in some way to be protected against him?—Naturally.

943. Either that you should get the lower rate or he pay the higher?—Yes.

944. If he were still under the rebate?—Yes. I take it that is the very essence of a rebate system—that everybody is treated alike.

945. This case which was brought before us at Port Elizabeth would be very much on those lines?—Still, who fined the man?

946. The Union-Castle Company?—They must have had some private contract.

947. We were not told what became of the money, into whose pocket it went. Anyhow, you have no knowledge of any case of that sort here?—No, none whatever.

948. I suppose you want to be protected against shippers by an outside line?—Yes, decidedly.

949. How would you propose to have that protection?—Under the existing agreement, you have hit the root of the whole matter. There is no guaranteed protection; we have practically to trust to the goodwill of the Conference Lines.

950. You are not guaranteed protection?—No.

951. With regard to question 4, you say, "I do not "object to the rebate system properly controlled as long "as rates are uniform to all shippers and equitable, "with adequate protection." It was on that I was asking you the question, whether you realised this case of the "Honorius," where the fine was inflicted?—I must say I would like further details if I am to give an opinion on that fine. I cannot understand it.

952. (*Sir John Macdonell.*) Perhaps composition would be a more accurate description of the transaction?—Did the company pay compensation to its supporters?

(*Chairman.*) No, I think they kept the money themselves.

953-954. (*Sir John Macdonell.*) You will be able to see the full notes on the subject?—It is a new feature of the business.

955. Substantially, what seems to have taken place was this. This firm had in the hands of the shipping company rebates to the extent of over £1,000. They shipped by an outsider, and the shipping combination, instead of declaring a forfeiture of the whole £1,000, stated that they would be satisfied by the payment of £93 15*s*., which was the difference between the freights?—The firm was really liable to lose its rebates, but they let them off with £93. I am very glad to hear of that. I hope it can be taken as a precedent. It is very useful to know that you can only lose to the extent of a tenth of what you are liable for.

956. (*Chairman.*) You must not take that as certain?—It is useful to know there is such an incident on record.

957. Was that what you meant by "adequate pro- "tection"?—Yes, and also the general system of the rebate under control—that is one aspect of it. By "adequate protection" is meant that the present system that we have is really no system at all—it is an autocracy; it is a one-sided agreement. We have no real protection.

958. You mean the protection against the Conference Lines is what you want?—Yes. Protection against outside competition would also follow.

959. You want the rebate system properly controlled?—Yes.

960. Who would you get to control it?—That, of course, opens up the whole question. My argument is that we are none of us satisfied with the system as it stands to-day; but, as a simple example, take the second-class mail rate to East London. Without adequate notice to us or any consultation with us we find a document giving notice that after the 1st July last no second-class cargo would be carried by mail boats to East London. That is a very high-handed proceeding and a most improper thing in our opinion. That gives you an instance of what can happen. There is really no system to-day.

961. Do you belong to the London Merchants' Association?—We as a firm do not, but our London house, in which we are interested, are members of the London Merchants' Committee. Anything they said would not bind us—we are not directly represented on the London Merchants' Committee.

962. What sort of a body would you propose to give representations and confer in such a case?—I think what should be done is, that the control of the Conference Lines—and a control is necessary—should be exercised in South Africa, and that a very potent leverage exists with the South African Governments themselves. There is the ocean mail contract, and the Governments themselves are very large charterers of cargo, and I believe that it would be possible for the South African Governments to give us adequate protection against the Conference Lines carrying out any arbitrary actions, such as were carried out with the second-class mail rate cargo.

963. Did you follow the proceedings of the Conference held in London about a year and nine months ago?—I roughly followed them.

964. The proposed agreement was somewhat on the lines that you describe, an agreement between the Governments which would have provided for arbitration in certain cases and for looking after the interests of the people here?—I believe that is the correct system, that the Governments of the Colonies, with the potent influence they exercise, can get all the assurance that is necessary from the Conference Lines to prevent open competition, which, in my opinion, means a freight war.

965. May I take it that you think the Government, being in a strong position, should from time to time intervene in questions affecting such a place as this?—Yes. It is very clearly put by Lord Selborne in his review on the present mutual relations (p. 120). This is exactly what I feel. His views on the shipping combination are put very clearly, and that expresses what is in my mind exactly, and I certainly cannot put it as well as that, that this is the real control which must be exercised in South Africa. We have several ports. Another vital question is the railway rates. We have come to a rough agreement on that question, but the entire economic and political situation of South Africa is going to be upset if we are going to have open freight and harbour competition without any control, and that is what led me to change my mind on this rebate question. The Natal Prime Minister went home and was succesful in getting a concession for Natal. Immediately the Transvaal and Orange River Colony—the Central South African Railways—said "That is going to upset our railway revenue; "we are therefore going to put on a penalty against "Natal." If Natal did not agree to that it meant a railway war in South Africa. We have enough difficulties as it is, and we do not want any more railway rate wars, so the only possible solution of the whole question is some satisfactory control as outlined by Lord Selborne. Also you have to take into that his opinion on the railway rates (conclusion, p. 148). We cannot separate the two.

966. And the railway rates are such a big question that I am afraid we cannot go into it. Your general opinion is very much on the lines of that memorandum of Lord Selborne's, I gather?—That is, as to his remarks as to the unity necessary in South Africa to tackle the question. I believe that unity can be obtained now. Take the recent case of the contract for Government goods; we had a memorandum the other day saying that the Cape, the Orange River Colony, and the Transvaal had arranged a contract to March next year from the Conference Lines for carrying their goods. If those three are working together Natal must fall in. It does not want all the States in South Africa to fall in, because once the Transvaal, the Orange River Colony, and the Cape are combined, the remaining State cannot stand out, because she is finished. In the same way, if the Transvaal, Orange River Colony, and Natal combine the Cape will have to come to an agreement. It does not want unanimity between all the States of South Africa.

967. Generally, you do not seem to think that the London Conference of Merchants can represent your interests as well as the Governments out here?—No; it is 6,000 miles away, and it is a feature of the Colonies that we like to have some say on the spot.

968. You think you can trust your Governments here to do the best for the individual trader?—Seeing the position we are in, I do not see who else we can trust. That is the only possible solution.

969. You do not think it possible to have any association of your own?—Then you would get each port one against the other. Every Harbour Board is Government property when it comes to the end. Open sea competition without control means all the harbours fighting against each other. Suppose the railway rates are fixed and you have open sea competition and no agreement about the harbour dues. Take, for instance, a colony which has only one—Durban. Supposing the Natal Government decided to make Durban a free port, that is bound to have an effect on the sea freights. At present Durban collects at least £140,000 in the shape of revenue to Durban as a port. That is a very big lever which the Natal Government has got if it comes to an open sea fight. If they want to have a fight for the trade, they have £140,000 to negotiate with in the shape of a leverage on the freights, and the Government who declares its port an absolutely free port in every way is bound to get better freights than a Government who says each port must pay its way. Not one of them fully pays its way now. It seems to me that if you have open competition without any control it involves a war of harbours again.

970. (*Sir John Macdonell.*) Port against port?—Yes. We are losing money as it is, and we would be bankrupt if we go on with any wild scheme of that sort without any control.

971. (*Chairman.*) Your mind is much more affected by this question of port against port than it is by any mischief that has grown up under the deferred rebate system?—The present system does not protect you port to port. We would like an enquiry into the present rates. Take the services—the regularity—it is very difficult to say, taking the two aspects——

972. We will come to that. On the general question, evidently your mind has been very much affected by the difference between port and port, and the danger at any time of there being a greater difference, or anything being sprung on you?—Yes; there is no real stability.

973. Which might injure your port as compared with another port?—Generally speaking, that is so.

974. With regard to question No. 5, have you had much to do with trading with the United States?—Yes, we are very large importers from the United States.

975. We have asked several witnesses about that very large increase of imports from the United States in the year 1896. Can you cast your mind back to that?—Yes. I have turned up the Chairman's report for the year 1896. He says, "Whilst it is satisfactory that East London has "had its share in the development of trade in South Africa, "it is to be regretted that a large amount of the increase is "due to heavy importations of foreign flour, wheat, and "maize caused by the failure of the crops throughout "South Africa and drought and locusts."

976. Those goods were not competitive with the United Kingdom?—No.

977. Of course, there was an increase then, but after that the great increase was in 1902 and 1903—after the war?—Yes. That has probably developed in Johannesburg. The batteries and all the piping for the big water scheme, I think, they got from America. American trade will always fluctuate. South Africa is always a big importer of wheat and flour. At present the bulk of it comes from Australia, but there are times when the United States suits us.

978. The figures never went down again after 1896 from that 2½ million pounds, though they had this great jump again in 1902 and 1903?—Since then there has been a very steady trade in agricultural machinery from America.

979. Do you consider that these increased imports have been caused by differences of freight?—No, not to any

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serious extent. There was a big case of wire. Take, for instance, galvanized wire. That was influenced by freights very considerably, and that is a very big item.

980. Was that by sailing ship ?—No, there were fighting rates on from America.

981. What year was that ?—About two or three years ago. All along, I think America has had a cheaper freight rate for wire, except now.

982. Do you buy goods in America much ?—Certain goods, especially agricultural machinery, which England cannot make.

983. You say England cannot make it. Are you sure of that ?—Yes. Take ploughs, for instance. Our agricultural director says, if you take the soil in England, it has been ploughed for hundreds of years, and it has been fertilized ; you get a different soil there from the soil which we have to deal with in this country, and the style of plough you get in England is not suited to deal with virgin soil and dry ground in this country. In America they turn out more suitable ploughs by the thousand. The result is that big firms in America make a very suitable plough, and are always improving it by their own experience, and the English manufacturer is not able to compete in this soil.

984. Of course, you are aware that the English manufacturer makes a tremendous lot of different varieties from those which are used in the United Kingdom ?—The sales in this country show, generally speaking, that he does not yet make a plough suitable to the requirements of this country. Take the windmill trade : there are thousands of them got from America. If we stocked an English windmill we would never sell it here.

985. Your point is, that the production for home account is so large in America for these particular things that they are able to send you the balance cheaper ?—Yes, and each country develops a speciality in trade. Take the cream separators : nobody competes with Sweden, because they have invented the thing and the men are trained up to it. That trade belongs to Sweden.

986. On several of these goods we notice that the rate is cheaper from New York to East London than from London to East London ?—Yes. I think the difference in ploughs is about 1*s.* 3*d.* a ton.

987. 36*s.* 3*d.* New York to East London ; London to East London 38*s.* 9*d* ?—That would not affect the plough trade. If the thing was the reverse, the bulk of the ploughs would still come from America and so would the windmills.

988. Wire 27*s.* 6*d.* from New York as compared with 30*s.* from London ?—The freight for wire to-day is equal. I think both are 27*s.* 6*d.* There has been a change.

989. Has that been by levelling up the American rate or levelling down the London rate ?—They are both 27*s.* 6*d.* to-day. I think it is bringing down the European rate. 2*s.* 6*d.* a ton makes a very great difference, and undoubtedly the English wire has a much better name in this country than the American wire, and it is only the cheapness that sells the American wire. Three years ago things got so bad that one of the leading firms—Johnston's—was shipping their wire from Liverpool to New York and sending it out here, and we bought here Johnston's wire that had come from New York.

990. Why was it sent round ?—They could get cheaper freight that way. These things have been put right. I can see nothing wrong except the first and second class. America has still a big advantage here.

991. In the first and second class of goods ?—Yes ; the rate is still very much in favour of America.

992. That exercises some influence ?—Yes, every rate exercises some influence. The rate from London to East London for first-class goods to-day is 48*s.* 9*d.* ; the rate from America is 41*s.* 3*d.*

993. There is a considerable difference ?—Yes. The rate for second-class goods from America is 36*s.* 3*d.*, and the London rate 37*s.* 6*d.* Of course, that supports our argument that the first and second class rates generally from London to East London are too high. The second class is 7*s.* 6*d.* higher than Port Elizabeth, and it ought not to be. That is one of our grievances under this Conference Line. To the London rate of 37*s.* 6*d.* must be added 10 per cent. primage, and only 5 per cent. rebate deducted.

994. Is the service of boats as good from America ?—No.

995. I suppose you make a certain allowance for that ?—Yes, you have to make an allowance for that.

996. Some effect is produced by the rates being higher than from the United States ?—Yes. I am bound to say that in the long run it does produce an effect.

997. As regards the continent ; the rebate system operates there, and I suppose there is not much difference except from the interior of Germany ?—The c.i.f. quotations get a special railway rate. I have heard of cases where they quote cheaper that way.

998. Does that affect it very much ?—It has an effect on trade. A case was brought home to me of cups and saucers, where the difference was something like 1*d.* a dozen. That has an effect on trade. A man will buy things like cups and saucers where he can save 1*d.* a dozen ; and that was entirely owing to the preferential rate for export they got on the German State railways ; the freights were the same.

999. Do you have any goods sent round by Hamburg ?—Yes.

1000. You do not send any goods from the United Kingdom that way ?—No.

1001. You could not get any advantage out of it ?—No ; since the Merchandise Marks Act that is obsolete.

1002. You say, with regard to excessive rates, "Generally, distance for distance, South African rates appear "higher than freights from other parts of the world" ?—I was taking simply the American rates as a sample. New York is 500 or 600 miles further, and yet the rates are better on the whole.

1003. The service is not so good ?—No. Then again, all these contracts that used to be given to Wernher Beit the Governments, and the municipalities—it strikes us as merchants—I say that if they can give the Governments about 20 per cent. discount, either they are carrying those goods too cheap or they are charging us too high. That is an obvious conclusion.

1004. You think the Governments should not have any preference in rates ?—No. I think the very essence of a rebate system is equality to everybody. I think the Government should get a special rate for rails, for instance, but if any person wants to import rails he ought to get them on the same conditions.

1005. You would make a low rate, governed by the article ?—Yes. I think it is only fair for railway development that an article like rails should have a low rate, but if I want to import steel rails, I think I should have the right to import them at the same price as the Government.

1006. The question can hardly arise here, as the Government make all the railways ?—It is a matter of principle.

1007. As regards the Government, I suppose you would not like the Government to get stores out under a preferential rate ?—They do. I do not like it at all.

1008. Besides rails ?—Yes ; they get all their general stores. I believe we, as merchants, pay too much to enable the Government to get too cheap a freight. I do not think that is a right principle.

1009. It comes back to the general public ?—Yes, it comes back to us in the long run. There is no utility in the Government getting a very cheap rate and the public having a high rate. It creates dissatisfaction, especially if it is extended to such firms as, for example, Wernher Beit and the municipalities. That is why I feel so strongly on the present system, that no private firm like Wernher Beit should get a special rate on a rebate system.

1010. Keeping to the Government part of it, could you draw any line between what articles the Government should have the right of getting at a cheaper rate than the private exporter ?—When they export locomotives, for instance. No merchant keeps locomotives in stock.

1011. We have had in evidence that a line might be drawn on things which a merchant would naturally stock and things which were specially required for Government work, such as water-works or railways or harbour works ?—Yes ; but even then if a farmer wants to import a steam engine or a steam plough, he ought to be able to import that engine as cheap as the Government.

1012. You would make the rate depend on the article, not on the person ?—Yes ; I think the better way is on the article—not on the person.

1013. Do you think the Government is bound to come to merchants for the goods it wants here or may it not buy in the cheapest market?—I think the Government should call for tenders. I think every merchant should be allowed to compete on equal terms—small and large.

1014. That brings you, of course, to the big man and the small man. You would not like to have preferences for big consignments?—No, because although it may suit the big man to-day an agitation will grow up against Trusts as in America, and I think the only sound way is to treat it as they do on the railways in this country—no matter what you send there is one rate.

1015. With regard to municipalities, which come midway between the Governments and the private consumer; how would you treat them?—I think they should be put on exactly the same line as the merchant. We, as merchants here, have big stores, pay heavy municipal rates and taxes, and we should have the same right to import on exactly the same rate as the municipality; many a merchant here imports far more than an ordinary municipality if it comes to quantity. As a matter of principle there should be one rate.

1016. You do not recognise that the municipality, for the sake of all its inhabitants—rich and poor—should use its best endeavours to get cheap articles in every way for them?—Not by getting special freights at the public expense; the public pays the total bill in the long run.

1017. The total freight bill to South Africa is paid by the public as a whole; it would not necessarily be paid by the persons in that municipality?—You are robbing one section of the community to benefit another.

1018. You are not in favour of municipal trading?—No; I am strongly opposed to it. I think the general consensus of opinion in South Africa is against municipal trading.

1019. With regard to the question about chartering tonnage, you say "Yes"?—All these things are practicable, but I do not think it is expedient for merchants to become shipowners. In the same way I should strongly object to a shipowner becoming a merchant. I think we should each keep to our own branch.

1020. It has never been tried, I suppose, here?—No. I think it has been tried in the early days in Port Elizabeth.

1021. I suppose you could charter sailing vessels, could you not?—Through the medium of the Conference brokers there is a system that is worked in London. The Conference brokers put on a certain sailing vessel, and then we stick to that sailing vessel. On the whole, we are satisfied with the existing sailing arrangements.

1022. Then there is the important question, "What "remedy do you suggest?" You say, "An effective "arrangement to secure the views stated in clause 4." To a certain extent we anticipated this, because I gathered from you that you are in favour of an arrangement being made by Government action here?—Yes, the Governments trying to come to some arrangement which secures stability and a fair agreement with the Conference Lines.

1023. But the Governments must not look after themselves too much in coming to any arrangement?—Not exclusively. I think the importing power of the Governments should be used as a lever to get general terms for the country they represent. One difficulty is the chief men amongst the Government importers are the railway managers. They are keen business men; they have got to make their railways pay, and they like to get the very lowest penny they can, and it is not their specific duty to see that the public also is protected, but I think it is the duty of the Government.

1024. To a certain extent the railway rates and the shipping rates hang together?—They hang together almost exclusively to my mind, and that is why I am afraid of a general open competition without restriction. It means a freight and ultimately a railway rate war and a harbour war in South Africa, and I am not prepared to advocate that until we have got to our last ditch; when we can get no redress then we have to fight.

1025. You have told us of several things you want improved and altered in the present rebate system, but you do not want to do away with it unless you can get something very much better?—No. I say the present rebate system as it stands is no system at all. The thing should be altered. We are in a bad position. I think a serious effort should be made to get the rebate system under proper control. If it is found absolutely impossible, rather than submit to the present position, I think then it will have to come to open competition.

1026. You would break away from your rebates?—Yes, if it has really got to come to a fight; if the present position has to come to this, that we have to be at the mercy of a shipping ring without any control, then the only solution is to have it out; but I should be very sorry if it came to that, and every effort should be exhausted first.

1027. With regard to the rebates, did you like or dislike the recent change by which your rebate was reduced from 10 per cent. to 5?—I naturally disliked it because it meant an increase in the freight.

1028. Supposing you had had the freight correspondingly decreased, I suppose you would prefer it; it is a less hold upon you?—It makes the thing easier. Yes, on the whole, I should not have objected if they had reduced the freight in a corresponding way. If a satisfactory arrangement could be made with the Conferene Lines, I would prefer the rebate to remain at 10 per cent., but I would not have refused the other as a compromise if it was safeguarded in other ways—that there is some stability about it.

1029. You do not at all like being liable to have this kind of alterations made, and differentiation between port and port, without being consulted?—I think it is extremely objectionable and introduces a great element of instability in trade, whereas stability should really be the great advantage of a rebate system.

1030. (*Sir John Macdonell.*) You are chiefly an importer?—No, we are equally importers and exporters. We were the largest importers and the largest exporters here in 1906. I speak in both capacities. Our firm are also agents for Messrs. Bucknall Bros.

1031. You had the freight question before the Chamber about the beginning of this year. On that occasion the vote resulted in a vote adverse to the rebate system?—Yes.

1032. And you voted with the majority on that occasion?—Yes. I may say the questions you put to us then were not entirely on all fours with the questions you put to us now. The question you asked then was, "What was the remedy?" Then I voted for the abolition of rebates before the Natal business came along. This time you put a question, "Do you object to the "rebate system as a system?" That is not quite what you asked before. Even if that had been put to me then I do not know what I would have answered. I have never been opposed to the rebate system as a system properly worked.

1033. May I take it that there has been on the whole some change of opinion with regard to this question?—Yes. There is a change of opinion in that way.

1034. Is the line of cleavage between those who voted for the majority and those who voted for the minority the line of cleavage between exporters and importers?—No, not exclusively. There is no doubt the exporters have every reason to be satisfied. If I were solely an exporter, I should be on the whole content with things as they are, but the two have to hang together. If we go into a fight we shall fight all round; we cannot disassociate our export trade from our import trade. I do not see how the produce people can expect that.

1035. On the occasion of the last voting some exporters were found on the one side and some exporters on the other?—All the exporters favour the present system.

1036. Some importers were found on the one side and some on the other?—That is so. I should qualify that. There were firms who represented both who were on the other side, but I think, as a general rule, people who are only exporters are quite satisfied with things as they are, but people who are both are divided. There is, for instance, one firm, Mosenthal & Co., large importers and exporters, who voted against the rebate system in any form.

1037. I gather your position is, that you accept the rebate system subject to the conditions which you have specified in your answer?—Yes.

1038. You say, in the first place, it is not a system?—That is as it stands to-day: that is, we have no adequate protection.

1039. You describe it also as an autocracy?—I do.

1040. Might I add you would also describe it as an enlightened and benevolent autocracy?—Yes, I will qualify it by any adjective you like.

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1041. You appreciate the enlightenment. You abbreviate the benevolence?—I did not appreciate it when they reduced our rebates.

1042. You do not quite appreciate the "autocracy"?—No, I do not.

1043. You have not, as far as I could hear, mentioned any definite grievances which you had against the shipping companies. You mentioned some cases where the rates were high, but have you, in the course of your business experience, had occasion to complain to the shipping companies of excessive rates?—We have always complained about the rates of this company being so much in excess of the rates at Port Elizabeth.

1044. I am coming to the question between the ports in a moment?—We have had that grievance for years. A lot of money has been spent on this harbour, so that about 88 per cent. of the cargo last year was landed at the wharf. Still, on the long run, particularly with first and second class goods, we are charged just the same rates compared to Port Elizabeth that we were before our vessels came into the river and discharged alongside the wharf, and when we get open competition from America the differentiation between the ports is only 2*s.* 6*d.*

1045. You want, in the first place, adequate protection; in the next place, proper control; and, in the third place, equitable rates?—Yes.

1046. This proper control is to be exercised, as I understand you, by the Government at the time that it enters into the mail and cargo contracts?—That is my opinion.

1047. In making a bargain with the Conference Lines in regard to the mails, it is to insist upon certain conditions for the benefit of merchants?—Not entirely for the benefit of merchants, but for the benefit of the public generally. It would also comprise passenger rates.

1048. Quite so. That is a very proper correction, if I may be allowed to say so. The influence is to be exercised in that manner. But all the Conference ships do not carry mails?—No, but the shipowners who carry the mails to this country are going to be the people who are the backbone of the Conference Lines. All along the coast everything gives way to the mail boats.

1049. I am supposing that your suggestion is acted upon and that a mail contract has been drafted. The parties to the contract would be the Government or Governments and a particular line of steamers?—Yes.

1050. How are the terms of that contract to control the rates of freight generally?—The Government has a lever with its own cargo. The respective Governments of this country are the biggest importers of cargo into this country.

1051. In this mail contract there should also be a provision that the importing of Government goods should be given to the Conference Lines only, subject to certain conditions?—Yes.

1052. From time to time, after such a contract has been concluded, there might arise questions which had been unforeseen in the contract, or questions of interpretation of the contract. How would you have these determined?—I would adopt the suggestion you made before, that on the interpretation of an agreement, arbitration is the proper course.

1053. You would have some provision for that?—Yes, it would have to be a very high and good authority, naturally, to interpret an agreement; I think the only way would be arbitration.

1054. Does not that rather imply that there has been a clear contract entered into between the shipping companies and the individual shipper, one term of which would be arbitration in the event of difference?—I have no objection to arbitration. If the main lines of the agreement are arrived at, if there is any dispute you would have arbitration. I take it the agreement would be reasonably clear. It ought to be.

1055. I am putting to you now a question which I put to Mr. Gasson, whether in your judgment it would not be better that there should be, not a one-sided contract, but a two-sided contract, containing definitely the terms upon which goods were shipped, subject to an arbitration clause in event of difference?—Do you mean for each individual shipper?

1056. Yes?—That would satisfy me; as long as I was protected right and left, and I knew the provisions being granted to other shippers in other ports. If I could get that guaranteed, I would very much like such a contract. Of course that contract would contain all the terms regarding protection that I have raised.

1057. You mentioned that the question of railway rates was a question of life and death to the various ports. Even assuming that there was complete agreement between the various companies and colonies affected by railway rates, the action of the shipping companies might at any moment upset that arrangement?—Entirely. That is the position we are in to-day, and that is what really happened with Natal. Fortunately, the Transvaal said, "If you get freight agreements on your own, we are "going to stop this."

1058. So that even if there was complete accord in South Africa so far as railway rates are concerned, by pooling, or some other arrangement, which I need not go into—even supposing that were carried out—you are, so to speak, as far as over-sea traffic is concerned, at the mercy of the shipping combination?—That is my opinion. That is the great difficulty I see in the open freight.

1059. It is competent for a body, which, speaking broadly, is not governed in South Africa, to play off, in the contest between the various ports, one port against another?—It is so, and it is not only possible, but I think it is absolutely done in practice. There is no question that the Conference Lines play one port against another.

1060. In your judgment, that should be subject to control?—Absolutely. It is no use having a Customs Union and a Railway Union, if the other part of the business is to be subject to caprice or undue influence from either side. It upsets the fundamental principle of everything else we do.

1061. At any moment, by a stroke of the pen, an advantage may be given to East London against Port Elizabeth, or Port Elizabeth against East London?—That is so. Of course, the argument on the other side is raised that owing to the Elkins Act in America there is a comparatively steady rate of freight from America for us on a much fairer basis and a more equitable basis than the Conference Lines from Europe; but my answer is that the present system from America is entirely overshadowed by London. What happens in American freights to-day is because of the existence of the Conference Lines in London, and once you break up the Conference Lines in London, you would have a different state of affairs, not only from London, but also from America.

1062. That anticipates a point that I was going to put to you. Suppose that you had the rebate system abolished throughout the whole of British South Africa, and that the rebate system were legal in Portuguese territory at Delagoa Bay, what do you think would be the result?—To-day, of course, the Conference Lines control the shipping traffic to South Africa; there is no doubt about that.

1063. I am supposing that legislation were passed which extinguished the rebate system as far as British South Africa was concerned, in Cape Colony, in Natal, and so on, but that it was still legal in Portuguese territory?—I should object to that, but I would prefer uniformity if possible.

1064. What would be the effect?—If rebates were illegal to Delagoa Bay, naturally Delagoa Bay or the Portuguese port might not on the whole get such a steady and regular service, but they will certainly get catch freights now and again.

1065. The point I am putting to you for your consideration is whether, assuming legislation abolished the rebate system in Cape Colony, but no corresponding legislation were passed in Portuguese territory, the effect would not be to give enhanced attraction to Delagoa Bay?—No, I do not think it would. If you abolished it in South Africa and still kept it on in Portugal, I do not think it would matter much.

1066. It would not lead to any advantage to Delagoa Bay?—I do not think so; that is, supposing that the rebate system is made illegal in British South Africa, but made to apply to Delagoa Bay, I do not think Delagoa Bay would score; but I prefer uniformity.

1067. You do not think that as to "in-transit" traffic a preference would be shown by the Conference lines to Delagoa Bay?—It would depend on the general treatment of the Conference Lines and the traffic they would carry. I do not think the question of the rebate system would.

come in so much. If Delagoa Bay as a port should offer better inducements in the way of coaling and it were made a free port, that would affect it far more than the rebate question.

1068. I will assume that these advantages would affect it far more, but would the existence of the rebate system at Delagoa Bay and its non-existence here operate so far in favour of Delagoa Bay?—As a merchant in Delagoa Bay, in Delagoa Bay itself I think the merchant would prefer the rebate system. Without rebates the very large importer in Johannesburg would have the advantage of getting catch freights. You want the rebate system kept in force.

1069. The only thing I want is your opinion?—You are suggesting the rebate system might remain in force at Delagoa Bay and not in the British ports. I do not think that would improve Delagoa Bay.

1070. You stated to the Chairman that in your view the proper system was one in which no preference should be given to individuals, including governments and municipalities?—That is my view—that is as bodies. I qualified it by saying on special goods they should get low rates.

1071. Your view is that the effect of the advantage, whether it be 10 per cent. or 20 per cent., given to governments or municipalities, is detrimental to the shippers?—Yes, I think it is. I can only say, because the one gets that advantage naturally they make it up somewhere else.

1072. You put it to the Chairman that if the shipping companies can carry Government goods at 10 per cent. or 15 per cent. lower than the merchants, the ordinary shipper must be paying too much?—Yes.

1073. Supposing the Conference Lines are carrying the Government goods either at a loss, or at no profit, or at a nominal profit, what then?—I think South Africa would be in the same position if you take the freight as an aggregate. The money goes out of this country. If the Government paid 1*s.* 6*d.* a ton more and we 1*s.* 6*d.* per ton less, the result would be the same.

1074. May not the freights, which you say in some instances are excessive, be excessive by reason of the Conference Lines seeking to recoup themselves for their low profit on Government goods by high profit on other goods?—Yes, I believe it is so.

1075. May not a portion of the evils which are attributed, or have been attributed to the rebate system, be attributable to this system of giving specially low rates to governments and municipalities? — I think it affects the rebate system in comparison with rates to the public, yes, and, taken in conjunction with the other people, it is one of the complaints against the rebate system undoubtedly.

1076. Do you know of any country in which there exists a system similar to this, in which governments get systematically rates of shipment far beneath those which are given to ordinary shippers?—No, but I would not like to pose as an expert on a subject like that.

1077. Have you ever considered the question of the classification of goods on the part of these shipping combinations?—The classification changes about a good bit. The instance of wire, I think, was put right by shifting it from one class to another; there is no doubt there is a good deal of pliability about the shipping companies' classification.

1078. Is that pliability a virtue?—No, I do not think it is.

1079. You would rather see a definite classification?—Yes, a definite and a public classification as we get in the railway tariff book, and there should be notice if an article is to be changed. From a merchant's point of view, I say that the classification ought to be fixed and published, and due notice given if any change is to be made.

1080. Accessible to any person who wants to make use of it?—Yes, from a merchant's point of view I do not know why it is kept private.

1081. If it is suggested that there is a difficulty inasmuch as the prices of articles change from time to time and new articles have to be added, do you think that a reason why there should be no public classification?—No, notice should be given from time to time.

1082. You mentioned the case of wire as a case in which high rates had led to its being imported from America to a large extent. There is a large quantity of wire used in South Africa?—An enormous quantity.

1083. Not merely now, but it has been so for a great many years?—Yes.

1084. That being so, supposing the rates for it are excessive, why have not vessels been chartered to convey the wire from England?—We have got wire out per sailing vessel.

1085. Is it not an article which particularly lends itself to being carried by a sailing vessel?—Even by a sailing vessel New York was on better terms: you could still get wire from New York cheaper.

1086. It is competent for you now, without violation of your rebates, to charter a sailing vessel?—Yes; but a sailing vessel takes, perhaps, 120 days before you get your stuff in your store. Then there is the extra insurance, and there is always more risk of sea damage. A little salt water may do great damage.

1087. If there be so great a difference as is sometimes suggested between the rates for the chartered sailing vessel and the rates for the Conference Lines, would not that difference more than compensate for the loss of interest which you speak of?—No, with the loss of interest and the insurance there is not much in it in getting wire by a sailing vessel. Against a cheap steamship freight you can never in the long run compete by a sailing vessel.

1088. Would you not say the permanent demand for wire in South Africa is enormous?—Yes, but if I keep a ship load in stock a year I have to pay 8 per cent. interest, and 8 per cent. is all the profit I get on wire.

1089. You gave the instance of ploughs, and you stated that the cheap sort of plough suitable for use in South Africa is not to be had except from America?—I did not say the cheap plough; I said the general plough in use in this country. The old 75 plough which is commonly used in this country has gone out of fashion: its sales are dying off every year, and what are now used are the best ploughs that America can make. The spare parts of the old plough still come from England.

1090. We were told at Port Elizabeth there was a certain plough capable of being bought in America for, I think, 5 dollars?—That is known as a No. 75 plough. All the main parts are wood. There is a certain sale for them, but that is dying out. Even the natives, who used to buy the cheaper plough, are now going in for the steel plough—a better class of plough altogether.

1091. What would be the price of that plough?—They vary from £2 to £15. You can get so many furrows and so many weights and so many styles.

1092. Taking the case of a plough sold for £3; on that how much would the freight come to?—They are all packed in pieces. I have never worked it out.

1093. They are not paid for by measurement?—They are paid for by measurement, but the plough is unscrewed and has to be bolted together afterwards. I would have to work out what the freight of the individual plough would come to. I will send it in to you later.

1094. Your secretary mentioned the case of Quaker Oats. I think the figures given were:—Quaker oats from New York to East London, 30*s.*; similar goods from London to East London, 38*s.* 9*d.* Do these differences still rule?—I think they do. The rate to-day for oats from New York is 35*s.*

1095. So that the difference is now reduced to 3*s.* 9*d.*?—Yes, it must have been altered.

1096. The rate from London to East London?—Is probably 37*s.* 6*d.*

1097. The difference has come down to about 2*s.* or 2*s.* 6*d.*?—Yes. I would like to verify those figures, but I think that is approximately correct. (*See Appendix XV. (a).*)

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1098. Then you say that special contracts have been entered into for 1907 by manufacturers of machinery in America at an all-round rate to East London of 25*s.*, whereas British manufacturers, competing with the same class of goods, have to pay 38*s.* 9*d.* ?—That has since been reduced to 37*s.* 6*d.* I would like to put that information privately before the Commission.

1099. You are not prepared to give details of that in public. We shall be glad to have it privately. I will pass from that in the meantime. Then I think you have some grievances—at all events, you have called attention to the fact that there is a difference in the coastal rates to the disadvantage of East London ?—Yes. We think the coastal rates are too high.

1100. I might just remind you of the figures given by your secretary in this memorandum. "It may be men- "tioned that the rates of freight from London to Cape "Town and to Port Elizabeth are identical, although "Port Elizabeth is a further distance of 428 miles, "whereas the rate from London to East London is 7*s.* "higher than to Port Elizabeth, although this port is only "131 miles further from London." Does that still exist ? —Yes, I am sorry to say it does. In these latest alterations it may have been modified a few pence, but the principle still remains.

1101. Then your secretary says, "In the case of steam- "ship lines coming from the West, from ports where no "rebate exists, the rate to East London at the most is "only 2*s.* 6*d.* per ton higher than to Port Elizabeth" ?— Yes, that is so.

1102. You think that these differences are arbitrary ?— The 7*s.* difference is arbitrary.

1103. Not in any way accounted for by the conditions of the particular trade ?—No, not to the extent of 7*s.*

1104. There are some differences, I suppose ?—Yes. Port Elizabeth is a free port ; there are no harbour dues. A ship entering this harbour has to pay about 1*s.* 3*d.* a ton on an average cargo. Taking the increase on an average, a ship has to pay here more than she pays at Port Elizabeth—1*s.* 3*d.* a ton. To work it up to 7*s.* is unjustifiable, and it is simply a carrying on of the old days when we could not get the ships over the bar.

1105. Then your secretary makes a general remark to this effect, that "special contracts granted to powerful "shippers are also detrimental to general trade." In making that statement you probably had in mind the governments, the municipalities, and the contract with Wernher Beit. Had you any other contracts in your mind ?—No. Those are the three items we knew of.

1106. Those are the only items ?—Yes.

1107. (*Chairman.*) Those contracts have mostly ceased, have they not, to municipalities and big contractors ?— We have really no means of knowing what has really happened. No official information has been given to us.

1108. My friend asked you about the mail contracts. He rather took it from you that you thought that the mail contracts should be taken advantage of to get proper terms and proper agreements as regards the general freight charges. I rather understood you to allude to the cargo which had to be carried for the Government ?—I would take both.

1109. I have found there is a good deal of opposition to the idea of using the mail contract as distinguished from the cargo contract as a lever against the Conference Lines —especially against the Union-Castle Line ?—I do not see why it should be. The company that gets the mail contract is always going to be the leading company in South Africa. It gets, by virtue of that contract, a prestige, and everything gives way to the mail boats at every port.

1110. The view is held by a good many that it is not right to use that mail contract, which is quite a separate thing—getting the mails between the Cape and the United Kingdom and other places—that it is quite a separate affair, and that you have no business to mix up the question of getting your mail in the most expeditious and best way with the treatment of shippers here ?—The mail boats are the largest carriers to South Africa. If they only carried mails there might be something in the argument ; but they use the facilities they get for the mail contract to become the premier carriers of cargo. The way everything has to give way for a mail boat at the ports is a big consideration.

1111. I only wanted it to be clear from you that you would use not only the Government cargo lever, but also the mail contract lever ?—I am convinced that should be so. I would like to point out that all the fancy goods, the seasonable goods, the fashionable goods—all that traffic must come by the mail boat because you have to get them quickly. They make the Harbour Board work on Saturday afternoon and Saturday night. All that is overtime expense, and they get nothing for it.

1112. I suppose you would support that with the arguments about these valuable goods, that you keep as small stocks as you can and get them as fresh as you can ?—Naturally.

1113. Have you seen a change in this—I have come across it in other places—that stocks and consignments become smaller and smaller year by year ? When you have sent for a stock you get a tremendous variety of articles but not in large quantities ?—The trend of trade in this country, especially now bad times are on, is undoubtedly that way—smaller stocks and getting them quicker.

1114. Do you think it is confined to bad times ?—It brings it home to people.

1115. Have you noticed a tendency that way at any time ?—When you have to study economy you look out for all these little items, and nowadays that is absolutely the trend, to save interest charges wherever you can. You have to take the two together.

1116. That is all in favour of getting your goods out by the mail boat ?—Yes, but then that is perishable and seasonable goods. No man would get cement or galvanised iron by the mail.

1117. I am speaking of classes 1 and 2 ?—They as a rule are got, like cheese, hams, and bacon——

1118. I mean things not exactly perishable, but where fashion changes and they lose their value ?—I think the leading soft-goods people get a large quantity of their goods by mail boat.

1119. I do not think we have had handed in a rebate circular about the homeward trade. Have you one ?—I would have to turn it up. The rebates homeward are independent of the rebates outward.

1120. That is the reason I want to get one from you ? —This thing has been in existence so long I should have to look it up. I do not know whether we have one. If I have one I will let your secretary have it.

1121. I do not think we have actually got from you whether you have any means of judging whether the freights here from other countries—the United Kingdom and the United States—are high or not. Do you consider the freights are high or low from the United Kingdom to here ?—As compared with America they do look rather high, and also comparing them with Australia.

1122. Have you any means of comparison ?—No, not taking the regular services into consideration. The only way you can tell is by the balance sheet of the companies at home, but that they never publish.

1123. (*Sir John Macdonell.*) Do you suggest that they earn very high profits ?—I do not know, but I say it should be enquired into.

1124. (*Chairman.*) You can see the profits ?—Apparently it is so.

1125. They are not very high profits as declared, but that would not convince you ?—You cannot form a judgment on that until you have seen the whole of the balance sheet.

1126. It is difficult for you, is it not, to compare the rates to see whether those rates are high or not ?—Positively, yes. If you ask me to bring you positive proof that, taking the sailings into consideration and the class of ship and the regularity—actually to demonstate to you that freights are high, I say I suspect they are and have good ground for suspecting so, but I cannot say definitely until I am shown the workings of the company.

1127. You cannot use the fighting rates as any great guide—the rates you have had under the Houston Line?—Not as a guide to freights year in and year out.

1128. (*Sir John Macdonell.*) Nor freights from countries which give full return cargoes?—No, that has to be taken into consideration too. I would like to say that we as a port distinctly say that if they can carry goods to Port Elizabeth at such and such a rate, it must be extremely profitable to carry them to East London at 7*s.* higher.

1129. If it is profitable in the one case it must be extremely profitable in the other?—Yes.

1130. (*Chairman.*) In these things you are thinking continually of the difference between port and port?—Yes. It is brought home to us.

1131. (*Sir John Macdonell.*) Have you any experience of trade with Mauritius?—Yes.

1132. It is stated in the memorandum, to which I called your attention, that in that case the rebate amounts to 5*s.* per ton and 5 per cent. primage payable on arrival of the ship at the South African port. Have you anything to say in addition with respect to that trade?—No, I have no objection to that trade; it works out to about 10*d.* per 100 lbs. It does not affect us.

1133–1134. There is no strong grievance as far as you know?—Most of this is coming from Australia now, so any grievance has died, or to a large extent. I do not think there was any grievance from Mauritius.

(*The rest of the witness' evidence was heard in private.*)

(Afternoon Sitting.)

Mr. David Dunlop Nisbet, examined.

1144. (*Chairman.*) You are in business here?—I am a partner in the firm of Dunn & Co.

(*Chairman.*) I will ask Sir John Macdonell to take your examination-in-chief.

1145. (*Sir John Macdonell.*) You stated just now you were in partnership in a business here. What is the nature of that business?—Quite a general business.

1146. Importers and exporters?—We do not export produce on our own account. We do not buy and sell produce, but we ship it on account of constituents.

1147. On commission?—On commission.

1148. Your business is that of a general importer?—Yes.

1149. You have been Chairman of the East London Chamber of Commerce?—For quite a number of years.

1150. Were you Chairman at the time when in the beginning of this year the subject of deferred rebates came before the Chamber?—No, Mr. Price was Chairman.

1151. We have heard to-day that there has been a change of opinion on this subject in East London; is that so?—Quite so.

1152. To what do you attribute that change?—I cannot explain it. I heard the Chairman's evidence this morning, and he told you that on account of a certain alteration of rates to Natal and because of the Natal Government backing up the port of Durban, he had changed his views on the question.

1153. Without going too much into his views for the moment, could you offer any explanation yourself of the change?—I do not like to say it is entirely owing to the advent of this Commission, but I think it has a good deal to do with it.

1154. We do not want you to go too much into the reason, but would you kindly explain it a little more clearly?—I would like to say that up to one week before the August meeting the Chamber was practically solid on this rebate question. With the exception of the representative of the Union-Castle Company, no one had ever voted against it. Not only so, but when Mr. Fuller was asked to join the Freights Commission in Maritzburg, he consulted the Committee of the Chamber as to what the Chamber's views were on this rebate question, before he went to Maritzburg, and he again got a mandate from the Committee of the Chamber, that the Chamber's views were in favour of the abolition of the rebate system.

1155. At all events, whatever may be the reason of the change, there is at the present time a certain number of gentlemen engaged in business in East London in favour of the retention of the rebate system?—Particularly gentlemen who are identified with the shipping agencies.

1156. You say particularly those, but how about the produce exporters?—I should say, and the produce exporters.

1157. Are any appreciable number of persons, not shipping agents and not produce exporters, also in favour?—No.

1158. The Chamber has been good enough to answer certain questions. I should like to have your views with respect to some of them. The first question which perhaps you would give your mind to is, in what manner or by means of what documents is the rebate system, so far as concerns trade from South Africa, worked in South Africa. I do not want you to go too much into detail, but take first exports from South Africa?—I would put in a statement here which is the document which we require to sign when we claim a return of the 10 per cent. commission, which is added to the freight on shipments homeward.

1159. That is what one may call the claim note?—Yes, there is no contract really, but this claim note forms the basis of the contract.

1160. We are somewhat familiar with it?—I understood you had not got a copy and therefore I brought it.

1161. This is the homeward one?—Yes.

1162. That is one of the documents. Is there any other document to which you refer?—No.

1163. There is, of course, a freight note?—Of course there is a bill of lading.

1164. And a freight note?—The bill of lading is really the freight note.

1165. There is no freight note as distinguished from the bill of lading?—No.

1166. That is the form of claim in the case of goods from South Africa. Have you anything to say with respect to documents in the case of goods coming the other way?—I have nothing to say about the document. You have got it already.

1167. The next question I would ask you is, does or does not the merchant in South Africa get the benefit of the rebate?—I should say in 99 cases out of 100 he does.

1168. What would be the exceptional case?—There might be a special arrangement between the head office in London and what might be called the branch out here, that the rebate was to be retained.

1169. That is a mere matter of contract?—That is a private arrangement.

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1170. Have you any reason to believe that there are certain persons who, not knowing of their rights to the rebate, do not claim them?—There might be isolated cases.

1171. It has been suggested that in some form or other, either in the freight note or bill of lading, specific notice should be inserted to the effect that the rebate may be claimed. Do you think that is necessary?—It would perhaps be better for the isolated case to which I have referred.

1172. In your view that case is an isolated one?—Distinctly so.

1173. What happens, so far as the benefit of the rebate is concerned, in the case of consignments from South Africa?—That is rather a different matter, for this reason, that the produce people here very often have to take the rebate into consideration in making their calculation. I have known cases where the matter had to be cut so very fine that there was very little left but the 10 per cent. rebate for the shippers from this side. For instance, he gets an order out from the continent; he has got to estimate what the wool he buys here will turn out in its washed condition on the continent; he gets a price for its washed condition, and he has got to estimate what the loss of weight will be; he has to take the freight and other matters into consideration, and he has to fill that order for a given sum of money—say 10*d.* a pound, and sometimes he has to cut it so very fine that the 10 per cent. rebate is perhaps all that he will get.

1174. The price of his produce being ruled by the prices of wool generally, what you describe sometimes happens?—Yes. I do not think the consignee on the continent always gets the rebate, that is purely and simply a matter of arrangement between the house buying here and the manufacturer on the continent who is buying the wool. He may know nothing about the 10 per cent. there. He may know about it and may claim it, but in a good many cases I think he knows nothing about it, and does not claim it. I am talking now of shipments homeward.

1175. Do you think any provision ought to be made for that?—No, I do not think there is any injustice, because if the man who is buying the stuff here cuts it down so finely as that, it does not matter whether he adds to his commission, or in what shape he gets it, he is entitled to the 10 per cent. if he thinks that is all the margin he is getting.

1176. The Chamber has been asked as to any cases in which rebates have been forfeited by merchants in South Africa. Are any such cases known to you?—No, not within my own knowledge. I can only state from rumour, which would be no benefit to you.

1177. How long have you been in business in East London?—10 years.

1178. Within that time, in your experience, there have been no instances to your knowledge?—Not to my absolute knowledge.

1179. You say "absolute knowledge." I intended to ask you whether you had reason to believe there are such?—Yes, I believe there are such, but I cannot prove it.

1180. On what is your belief founded?—On statements which have been made to me in an indirect way.

1181. I should like a little more particularity than that?—I do not think I could make it so particular as to be of any direct benefit to the Commission. It is not within my own knowledge. I can only tell you what other people have told me.

1182. So that in stating that you believe it you are basing your belief on purely hearsay statements?—Upon the credibility of the parties making the statement.

1183. Are you speaking now of recent occurrences?—Within the last three or four years. During the Houston freight war.

1184. Are these instances in which a forfeiture took place in strict accordance with the terms of the circular?—Sir Donald Currie has one interpretation of the circular, and the London Merchants' Committee have a totally different interpretation of the circular.

1185. That may be. Perhaps you are not able from your knowledge to answer this question, but have you reason to believe that forfeitures have taken place not in accordance with your view of the construction of the circular?—Yes.

1186. You have?—Yes.

1187. It is desirable, if possible, that you should give precise information as to this. You are telling something founded, as you say, purely on hearsay. Can you give any further particulars?—No, I am sorry I cannot.

1188. One word upon that. It is stated here, "We "have no knowledge officially of any merchants having "actually forfeited their rebates, but fines have been "inflicted." In using the word "officially," you had in view that which you are now stating, I presume?—I did not draft the replies, but that really is coming near the point.

1189. That probably is the reason why the word "officially" was inserted?—Yes.

1190. You say, "but fines have been inflicted." Would you mind explaining a little more definitely what is to be understood by that?—The interpretation of the circular is that merchants must confine themselves to steamers within the Conference, and inadvertently shipments have been made by parties within the Conference, executing orders for parties who knew nothing about the Conference, and because they have made these shipments unknowingly, or rather for a third party, they were called upon themselves to pay a fine, or they would lose their entire rebates.

1191. You use the word "fine." Are you using it in the strict sense of the term, or do you mean by "fine" a composition?—They are called upon to make up the difference in the freight.

1192. In other words, if they had forfeited their rebates they might have had to forfeit a very large sum; instead of having to forfeit a very large sum, they had only to pay the difference upon the particular cargo; is that what you mean?—Yes, and they were threatened that if they did not do so they would refuse to take their cargo in future.

1193. You use the word "fine" in the sense of paying a less sum instead of a greater sum?—Yes.

1194. Can you give me one or two instances of that?—No, I cannot give you any, but Mr. Behr, of Natal, has given one very fully.

1195. For the moment I would rather have your evidence. I attach importance to what you say. You say here, "fines have been inflicted." What were the cases present to your mind when that statement was made?—I could not tell you.

1196. Do you know the cases?—I have only heard of them. That is my difficulty. I am not in a position to tell the Commission what I do know.

1197. You cannot say what the cases were?—No.

1198. Can you give the year in which they took place?—I think it was during the Houston war of rates.

1199. Passing over the time of the war of rates and coming to a time after that; do you know of your own knowledge, or have you heard of any cases of this kind?—No, I do not. I have not heard of any.

1200. So I take it that these "fines"—using your expression—operated during and only during the war of rates?—And because of them.

1201. You are asked here, what objections have you, if any, to the system of rings or conferences, and to the system of deferred rebates, and do you consider that these objections outweigh any advantages which are to be derived from the system of rings or conferences and the system of deferred rebates. I should like to have your answer as to that?—You want my individual answer without dealing with the Chamber documents.

1202. I am putting a question to you, and it is your individual answer I want?—I have quite a list of reasons.

1203. Take the principal one first, as shortly as you can, but do not curtail yourself?—On account of the rebate system I argue that, taking continental shippers they have got a distinct advantage over the British shipper because of the through bill of lading rate, which is in existence on the continent.

1204. The through bill of lading, of which you speak, is given chiefly in the case of Germany?—Entirely, so far as I know.

1205. That is what you have in your mind. But this through bill of lading is an arrangement made between the German railways and the German members of the Shipping Conference?—Yes.

1206. How is the Shipping Conference responsible for that arrangement made in Germany between the German State lines or other lines and the German members of the German Shipping Conference?—I would like to remind you. You asked me what my objections were to the rebate system, and I just want to make that explanation. The reason why they have a connection is this, that in 1894, when they entered into this Conference—these German line steamers—they know perfectly well that these through rates obtained in Germany, and they entered into a contract whereby the rates of freight would be identical from Germany and from the United Kingdom, well knowing that the British manufacturer was going to be handicapped to the extent of that advantage which the German manufacturer has through these through rates of railway carriage and freights combined, and well knowing also that certain goods were carried by weight.

1207. That is another point about which we will speak in a moment. Supposing you had no rebate system at all; supposing you had the open freight market—what is to hinder the German Government, owning the State railways, agreeing with the German shipping lines to give this through rate?—Nothing; but I say that if the freight market were open and free from England, the British manufacturer would have cheaper freights, and that these cheaper freights would, to a very considerable extent, neutralise the bounty given by Germany.

1208. That is one reason. Do not let me curtail your exposition in any way?—I would like to say in this connection that while the alterations were made on the 1st July, whereby the rebate to us—or the commission, as Sir Donald calls it—was reduced from 10 to 5 per cent., we are informed to-day that that rebate still exists on the basis of 10 per cent. from the continent and is only 5 per cent. from the United Kingdom. I would like to make a further point, that while these alterations which were recently made by the Conference Lines, operated in England from the 1st July, they did not operate from the continent until the 1st August, and although Sir Donald Currie tried to make us believe that he was making concessions in these alterations, as a matter of fact, it can be clearly demonstrated that the alterations were a distinct increase in rates of freight.

1209. These are certain reasons. Are there any other reasons?—I have quite a number.

1210. Will you give them as shortly as possible without doing injustice to yourself?—I would like to refer to the secret contracts which have been made.

1211. Perhaps we will come to that a little later on. We will not forget it What do you mean by secret contracts?—I would like to quote what Mr. Garland Soper said at the meeting held at the Cannon Street Hotel.

1212. Does he quote something which is within your knowledge. I would rather have your evidence respecting what you know, although I am not disparaging what Mr. Soper said?—What Mr. Soper said was prior to that meeting; no merchant in London had any conception that any secret contracts existed at all.

1213. At the present time as far as South Africa is concerned, in the import and export trade, have you any reason to believe that there are secret contracts?—There are quite a number published in these Blue Books. Stewart & Lloyd have a special contract in connection with piping.

1214. At the present time?—I do not know whether it is at the present time, but it operates from 1905, and this document says "until to-day." I would like to emphasize the iniquity of it.

1215. Keeping for the present to facts—is there any other case present to your mind?—There is the contract with the Cape Town Municipality.

1216. I will come to that. Are there any other contracts with private firms?—I know of none, but I do not know of Stewart & Lloyd's, except that it is public property in this document.

1217. You were going on, I think, to speak of some contract with the Cape Town Municipality. Do you object, on principle, to municipalities obtaining in respect of a particular article more favourable terms than the ordinary merchant obtains in respect of that particular article?—Yes, most emphatically.

1218. You think that the system or practice of giving special rates to municipalities is objectionable?—Yes.

1219. You would say the same of special terms given to governments?—Yes.

1220. You think that objectionable?—Yes.

1221. And your view would be that taking a particular article and taking a particular quantity of that article, all customers, be they governments, municipalities, or merchants, should pay alike?—Large and small should all pay alike.

1222. You say large and small, but supposing there was no rebate system and that there was a free freight market, do you anticipate that large and small would in fact fare alike?—Yes, I should like to see legislation——

1223. I am not for the moment asking you what you would wish, I am asking you as a business man whether you would expect that the same terms would be offered to a person who offered a shipment of, say, 1,000 tons, and guaranteed a shipment of a similar amount at intervals—that the same terms would be given to him as to one who brought casually 50 or 100 tons?—The position to-day in connection with the American trade——

1224. Would you mind directing your attention to that question and give me your answer?—Yes, I have said already I think the small man would get the same terms.

1225. That is, the occasional shipper of 50 tons would in the open freight market get exactly the same terms as the shipper of 10,000 tons at regular intervals?—I would like to explain it in this way, and I was going to if you had permitted me; that in the American trade these small shippers concentrate their shipments through one large commission house, and the aggregate of these small shipments makes a very large volume of freight, and because of that concentrated volume of freight the small man in that way commands the same rate of freight as the larger man. That is the practice to-day in the United States, and there is nothing to hinder a similar procedure in shipments made by the small man from the United Kingdom.

1226. Suppose a case where the aggregate of small shipments did not amount to the aggregate of large shipments; what then?—I still think that the small man would have the same terms.

1227. You were going to mention some other objections that you had in your mind?—There is the second-class goods coming by mail steamer. Sir Donald Currie told us on the 1st July, that in future he would take no more second-class goods by mail steamer to East London, and the result of that is perfectly obvious, that if he took no second-class goods he would take no first-class goods, and they would all go past us. That he could only do under the rebate system; he could not possibly do it under any other system.

1228. With regard to this matter of the second-class cargo. Does the statement that such cargo is not to be taken by mail steamers still hold good?—No, it has been remedied.

1229. How?—The Chamber of Commerce made representations to the Prime Minister and it has been put right. I would like to mention the rate on mealies from Natal to Great Britain has up to now been 10*s.* a ton, while we here in East London, many miles nearer the market, have to pay 13*s.* 6*d.*, and the rate on mealies from Natal to Cape Town has been 10*s.* a ton, while from East London to Cape Town it has hitherto been 12*s.* 6*d.* a ton.

1230. There were some other questions I had to ask you about that. Will you please continue as to that point?—I would say that in both cases while we are nearer the consuming market we are paying a higher rate of freight. The result is this, that in centres, that are common to East London and Durban, points in the Orange River Colony where we meet, traffic of that kind naturally goes to the port that is shipping at the keenest rate of freight. I should like to say that both these matters have now been remedied, but they have been remedied at the tail end of the season when all the damage has been done and shippers have got into the habit of diverting their traffic to Natal.

1231. You think, on the whole, the objections to the rebate system counterbalance the advantages?—A great deal more.

1232. There are some advantages, are there not?—No, none at all. I do not know of any.

1233. You have regular shipments here, have you not?—Yes; far too many at present.

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1234. Do you think that is no advantage?—I think regularity up to a point is a distinct advantage, but the position is that owing to the rebate system lines of steamship companies have been invited into this trade, and after having got in their tonnage is lumped on to the market, and we have got to absorb it all. The trade is over capitalised; we have too many steamers in the trade——

1235. Keeping for the moment to the point of regularity. That, you say, is an advantage up to a certain point?—Yes, it is worth paying a little for.

1236. Have you any fault to find with the quality or character of the ships which are used by the combination lines?—None at all. I do not think anybody has.

1237. I presume that that affects the rate of insurance on your goods?—Very little.

1238. Are you confident that these advantages would be got in a free freight market?—I think we would have practically the same arrangements, because everybody in this country is satisfied with the existing service, and everybody is anxious that everybody else should be put on the same footing. No one wants any advantage for any one line; the large merchant does not want an advantage over the small one, and I cannot see any reason why, if rebates are made illegal, the present system cannot go on just as it is doing now, except that instead of Sir Donald Currie having the entire control we will have a free freight market.

1239. Perhaps it might be suggested that the shipowners would not have the same security for investing large sums of money in building good ships if it was open to any of their customers to send their goods by them when it was advantageous and to send them by a tramp steamer when it came along and offered lower terms. Do you see any force in that?—Very little.

1240. Do you mean that it has some force but is not in your view substantial?—I think a tramp steamer could not possibly get a footing in this trade.

1241. Why, may I ask?—Because the tramp steamer is of a class that would not suit the requirements of the merchant here, and I think the merchant——

1242. When you say not suitable to meet the requirements of the merchants—have you in view the export or the import trade?—The import trade; both, as a matter of fact, but I am thinking of the import trade.

1243. For the kind of goods which would come within the classes 1 and 2, or the great majority of them, the tramp would not be so suitable?—No one would think of shipping classes 1 and 2 goods by tramp.

1244. Or, perhaps, even goods in class 3?—Only a very small percentage.

1245. So that you think, in any event, steamers of a somewhat similar character to those which are in use must be employed?—Yes; they must be steamers near the class of the present steamers. Of course the present steamers vary a good deal. The Clan Line and the intermediate line of the Union-Castle are a very different class. One is purely a cargo steamer and the other is a combination of passenger and cargo.

1246. I should like to know your view as to the effect of the system of deferred rebates in diverting trade. Do you think it has diverted trade from the United Kingdom?—It has diverted trade to a very considerable extent, I think, from the United Kingdom to America.

1247. Would you just particularize what kind of commodities you have in view?—I have drawn up a statement here for the benefit of the Commission, showing how articles from the United States have fluctuated in freights for the past six years, and I think it must be patent to anyone that, when goods can be carried from the United States, as they were carried for a long period, for a freight of 10*s.*——

1248. I hope we shall be able to see this statement?—I intend to hand this in. (*See Appendix XVII.*) That is one dealing with agricultural implements alone, and I have another dealing with general merchandise. (*See Appendix XVIII.*) You may have them all.

1249. Are there any others which you have besides?—I have three or four others.

1250. Generally describe what the others are?—Another one is a statement showing the dates of sailings from America and Canada to South Africa, the advertised sailing dates and the actual sailing dates. There is another one showing the time taken in the passage of the American and Canadian steamers to Cape Town; another one showing a comparison of rates on goods of a similar nature from the United Kingdom, United States of America, and Canada. (*See Appendix XVI.*)

1251. Supposing we take that for the present. Giving your mind for the moment to the question of diversion of trade from the United Kingdom to America and looking at these returns, what articles would you select as examples?—I think principally the diversion has been in agricultural implements.

1252. Suppose we take two classes — ploughs and reapers. Would you mind saying what your statement shows about these; first giving the date when your statement begins?—The statement begins in 1902.

1253. That was the time of the freight war?—Just before it started. The rate of freight then was 47*s.* 6*d.* from America. From America in March, 1902, ploughs were 47*s.* 6*d.* In February, 1903, 12*s.* 6*d.*

1254. The war in freight had now begun?—Yes. In July, 1903, 22*s.* 6*d.*; in October, 1905, 32*s.* 6*d.*; to-day, 36*s.* 3*d.* To-day for the same article from Canada, 32*s.* 6*d.* From the United Kingdom, 39*s.* 4*d.* I should like to correct a statement which Mr. Price made this morning that the rate of freight on these articles is 37*s.* 6*d.* I say now that because of the alteration in rebate, when we only get 5 per cent. back instead of ten per cent., instead of the rate of freight being 37*s.* 6*d.* it is now 39*s.* 4*d.* obviously.

1255. Still keeping to that article, ploughs, was the particular plough, or were ploughs from America during that period strictly competitive with ploughs coming from England?—Not strictly competitive, but there is a great similarity in the class of ploughs.

1256. Do you get from America a plough which is somewhat different and more suited to the conditions here than you get from England?—You get a plough which is better suited to the conditions here on account of the price.

1257. Apart from the price—I am thinking of the construction?—No, I should say the English plough is at least as well adapted to the requirements of the South African soil as any other plough coming from America.

1258. You heard what Mr. Price stated to-day on that subject?—Yes, I disagree.

1259. Assuming that to be true to-day, during the period over which your statement extends would the same be true, namely, that there were English competitive ploughs strictly similar to those coming from America?—I would like to eliminate the word "strictly," not strictly, but practically so.

1260. Do you think, in your judgment, that difference as far as ploughs are concerned may have led to a diversion?—I think anyone knowing the American manufacturer, knows he will take an advantage of an advantage of this kind.

1261. I notice reapers were referred to. Do you mind taking them as an illustration?—I prefer to take mowing machines instead of reapers, because they are just the same, but we have more shipments. I have taken these out of our own goods, and I want to take mowing machines; July, 1903, 22*s.* 6*d.*; August, 1904, 17*s.* 6*d.*; January, 1906, 32*s*, 6*d.*; August, 1906, 36*s.* 3*d.*; to-day, 30*s.* Canada, to-day, 27*s.* 6*d.*; United Kingdom, to-day, 31*s.* 6*d.*

1262. In your judgment, would the same be true of other competitive articles coming from England?—Yes; but I would like to be perfectly fair in stating that I think, in the matter of mowers and reapers, the American manufacturer is ahead of the English manufacturer in his adaptability to the requirements of this country.

1263. Might it not be the case that the expansion of the American trade was in part, if not largely, due to the American manufacturer knowing and acting upon his knowledge of the requirements of the South African consumer?—I should say so distinctly. The Commission Houses in New York are always conversant with these rates of freight, and they are not slow to tell the manufacturers of any such advantage as this, and the American manufacturer is not slow to take advantage of any hint of that kind which he gets.

1264. So much with respect to the diversion of trade to America?—I should like to give you also the item of wire, barbed wire, and netting wire; September, 1901, 20*s.*; February, 1902, 37*s.* 6*d.*; September, 1902, 10*s.* May, 1904, 17*s.* 6*d.*; March, 1905, 21*s.*; August, 1905,

27*s.* 6*d.*; to-day, 27*s.* 6*d.*; from Canada, 25*s.*; from the United Kingdom, 28*s.* 11*d.*

1265. Did you, when these differences of prices prevailed, at any time charter, or did any group of merchants charter, a sailing vessel to convey wire from America?—No. These are all steamer rates. The rates had gone down to 10*s.*; there is no room for sailing vessels to compete with that.

1266. Is there any other article in that list to which you desire to call attention?—Nothing special.

1267. Have you reason to think there has been any diversion of trade, owing to the rebate system, to the Continent of Europe?—I am afraid I cannot say.

1268. I think you have already expressed your opinion as to whether the rates of freight from South Africa to the United Kingdom, and from the United Kingdom to South Africa, are excessive?—Yes, they are excessive.

1269. Of course, it is somewhat difficult to get a criterion of what is a reasonable rate?—Very difficult.

1270. The perfect criterion would be the rate which competition would show?—Yes.

1271. In the absence of competition it is largely a matter of speculation?—We can only make comparisons with other trades.

1272. Now let me hear what induces you to think that they are excessive?—The rate of freight from America, taking it all round, was very much lower than the rate of freight even now.

1273. In the first place, are the vessels from America the same or much the same as the Conference Line vessels?—They belong to the same Conference.

1274. In quality?—As nearly as possible of the same class—in fact, the same steamers sometimes come on the English berth and sometimes on the American berth.

1275. How about the regularity of sailing?—I have drawn up a statement here which I would like to put in (*see Appendix XX.*), showing the ordinary date of sailings from America and Canada to South Africa and the actual sailing dates. Those were taken from the periodical statement, which gives the advertised dates, and the next circular gives the actual sailing dates.

1276–1277. Approximately, how many sailings are there from New York to South African ports in the course of a month?—About three, I should think—three or four in the course of a month just now.

1278. When you say "just now," have they been more frequent in past times?—I should say so.

1279. Does your statement show that?—I have not gone right through it.

1280. Is it your experience that that is so?—Distinctly.

1281. Is there sailing from New York to all the Cape ports and to Durban, or only to one?—I will just give you one or two—"Clan Maclachlan," Cape Town, Algoa Bay, East London, Natal, Delagoa Bay; "Corfe Castle," Cape Town, Mossel Bay, Algoa Bay, East London, Natal, Delagoa Bay, Beira—seven. None of them have less than four, and they run up to seven, discharging ports.

1282. Is there any other comparison which you have in your mind?—There is another statement, which deals with the time taken in the passage from New York and from Canada to this side, which bears on the question you have already asked me, as to the class of steamers which are in the trade. As you know, the distance is greater to East London from New York to the extent of about 600 miles. The "Corfe Castle" sailed on the 1st June and reached New York on the 2nd July, which is exactly 31 days. The average time taken by a Clan steamer from Birkenhead to Cape Town is 28 days. The New York steamer has 600 miles further to go and does it in two days more than a steamer from home. Others, again, take a little bit longer. The "Clan Macintyre" took from the 15th December to the 20th January—that is 36 days—but that is one of the Clan Line steamers, the very same steamer which can load from the berth at Birkenhead. The "Afghan" "Prince" sailed on the 18th April, arriving here on the 23rd May—35 days. I think it is recognized that these Prince Line steamers are of just as good a class as the Clan Line and the Castle Line in the American Conference, and these sailings prove it to a very considerable extent.

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1283. I suppose you would also say that, in regard to the trade between this port and New York, there was little return cargo?—None at all. I have gone into the sailings of the steamers, the agency of which we hold —the Prince Line steamers and the Canadian Line steamers—for the past two years, and I find that in no single instance has one of these steamers got a return of any kind except one, the "Yola."

1284. No cargo of any kind?—No cargo of any kind. The "Yola" got a full cargo home of Government scrap iron. They have all got to go to the East or they have to go back to Canada.

1285. Are there any other reasons in your view why the freights are excessive?—There is the evidence of special contracts having been made.

1286. The contracts with the various governments, the various municipalities, and such a contract as Wernher Beit's—that is what you have in your mind?—And the rates of freight to Algoa Bay are much less than they are to here, and apparently pay; so there is a legitimate conclusion they are too high here.

1287. Have you any knowledge of preferences (secret or other) in the matter of rates having been accorded to favoured merchants or importers which are not accorded to all? You have already stated your answer to that question?—I have mentioned Stewart & Lloyd's contract particularly. I would like to say a little more about that contract. The effect of that contract has been that every merchant in East London, with the exception of ourselves, to-day buy their piping from Stewart & Lloyd's Company. They have got their pipes introduced through the whole of South Africa, the consequence being that almost every municipality stipulates for Stewart & Lloyd's piping, not that it is any better than others, but because it is very well known, through the advantage they have got in introducing it by this special contract.

1288. That, in effect, has given a monopoly, or quasi monopoly, to one firm?—As far as I know, and the rates of freight on piping since that contract was made with Stewart & Lloyd have gone up to people like ourselves who are still importing piping. The rate of freight is given in one of these documents. Piping is specially mentioned, and you will see it has risen from 31*s.* 3*d.* to 33*s.* 9*d.*

1289. Do you think that at the present time it would be practicable for South African merchants to combine and charter tonnage in the open market for their consignments?—Quite impossible.

1290. Impossible as regards all commodities?—Yes.

1291. Could there not be some combination as regards, at all events, certain commodities, such as wire and piping?—The sacrifice of rebates would be altogether——

1292. I am putting the case of combining to charter a sailing vessel?—If you asked me if it could be done, of course anything of that kind can be done, but I say no merchants are at all likely even to discuss the thing.

1293. I am rather putting to you this question, whether the grievance can be serious if it is not met sooner or later by combination to charter a sailing vessel?—You cannot charter a sailing vessel from home either without sacrificing your rebates.

1294. Are you sure of that?—I mean for general cargo. You can for a specific article.

1295. I am putting to you a specific article?—Coal for instance, you can.

1296. I am putting to you the case of chartering a vessel for procuring piping or wire?—I think if you refer to the Wernher Beit contract, you will find that even they are bound to confine themselves to Conference sailing vessel shipments.

1297. Do you think it is practicable by any combination of South African merchants to charter a sailing vessel for the conveyance of some specific kind of commodity?—With one article alone—no, I think it would be suicide to flood the market in that way with one shipment of one article.

1298. In your view, what are the remedies for the state of things which you have described?—The abolition of the rebate system by legislation on this side.

1299. Just let me see what that exactly means. Is the contract to be declared illegal in the sense that it cannot be enforced, or in what sense? Are you to be able to recover your rebates even though you ship outside, the letter of the agreement notwithstanding?—After all, it

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the rebate system were declared illegal, merchants would willingly sacrifice their rebates——

1300. I am putting to you this difficulty. It may be a small difficulty, but we had better clear it up—no doubt you have considered it. "Illegal" is rather vague. Do you mean by that that a shipper who has accumulated a considerable amount of rebates and who ships outside the Conference shall be able to recover the rebates notwithstanding the letter of the circular?—No, I do not want any legislation of that kind.

1301. Do you mean by "illegal," that any person who enters into that should be criminally liable?—In future.

1302. In plain language, that he should be fined or sent to prison?—Fined at any rate: sent to prison if he persists.

1303. You are aware of the existence of the South African Merchants' Committee?—Yes.

1304. Do you think that that is fairly representative of South African merchants in South Africa?—No.

1305. (*Chairman.*) I do not think I gather from the answers you gave to my friend why it is that the feeling in South Africa against rebates is stronger than in the United Kingdom?—The London merchants who are now in London—if I may say so—have borne the heat and burden of the day, and they do not want to be worried with questions of rebates.

1306. You think it is for their personal ease—that they do not want the trouble?—I think that is so.

1307. Surely they have pockets?—They have pockets, but it benefits them because they get a commission on the freight as well as the goods they are buying, and if there is any question of pocket they are better under the rebate system than under any other system.

1308. Do they not sell out here?—Very few of them. They sell out here, but they charge a commission to the firms out here on the freight as well as on the goods; at least, that is our experience.

1309. And they can always get the money?—They can always get the money.

1310. They can get the money for the freight?—They pay the freight on the other side.

1311. They can get it back?—They can get it back.

1312. They are not interested in buying freight cheap in fact?—They are to a certain extent. Take our own firm. The head of the firm is in London, and, of course, the more money we make out here the more money he makes also. But you are talking now of the London merchants as a body, and I say distinctly that the principal reason why they do not worry is that they do not want to be worried.

1313. It is not worth their while?—It is not worth their while to be bothered with a prospective or possible war of rates, because they will have to do the looking out for the cheap freight at home. If there are to be opportunities of cheap freight they will have to exert themselves to keep their end up, and it will be a good deal more trouble than the present system.

1314. You think that is the real explanation?—That is one explanation.

1315. Of course, you know there are other rings and other deferred rebates in other trades. You are perhaps not conversant with any other trade except this South African trade, so you could not say whether the same explanation obtains in these other trades?—I cannot speak of any other trade.

1316. Did you follow the London Conference at the Colonial Office about a year and a half ago?—I have read every word of it.

1317. What do you think of the draft agreement that was proposed by the South African Governments; would that have met with your views?—I must confess I did not read that. I thought you said the proceedings.

1318. That is in the proceedings. You skipped when you came to that?—I did not read it very carefully.

1319. Is not that almost the most important thing—the draft agreement which the governments were prepared to make?—Provided that they had been successful in their motion, I should have gone fully into that agreement, but I did not take the trouble to go back to it as I would have done if the Conference had been successful.

1320. You know the broad principle of the scheme was that the governments would have made this agreement, and you would have got equal rates; municipalities would not have had any advantage; there would have been a shorter period of rebate, and there would have been some considerable decrease in rates, but the deferred rebate would have been kept?—Yes.

1321. Would you object to that?—Provided they had got a reasonable rate of freight and the merchants had had some future control over the rebate, I would not have objected.

1322. Of course, there was a clause in it providing for arbitration on certain questions, *e.g.*, classification as well?—Yes.

1323. If you had had a sufficient reduction of rates, you would have been satisfied with that?—I would not have been satisfied, but it would have been a step in the right direction.

1324. You think it would have been a fairly good bargain?—I think you would get a better bargain if the rebate system were abolished, because until it is abolished you will never get the Conference Lines to take a reasonable view of the freight situation, and there is always that danger under the draft agreement that the steamship companies are still going to be masters of the situation.

1325. Do you think they would have been?—To a certain extent—nothing like to the extent they are at present, but to a certain extent.

1326. Do you not agree with the evidence we had this morning, that the governments have a considerable hold over the steamship companies in the cargoes they furnish?—Yes.

1327. And that agreement would have added to the control which the governments have?—Yes, but I think there is nothing to hinder the merchants and the governments combining with their freight in an open market.

1328. The merchants and the governments under the present system combining to get low freights in an open market?—Combining to have an arrangement with the existing companies in an open market, whereby the existing companies would be retained in the service and the rate of freight would be brought down to what it ought to be.

1329. Would you abolish by agreement the rebates as well?—I would abolish the rebates as the first thing to do, because you will never get the steamship companies to come to reason until you do abolish them.

1330. I suppose, if you could get the rates reduced in proportion—that is, 5 per cent. off the rates—you rather look upon it as a step in the right direction to have a 5 per cent. rebate instead of 10?—Yes.

1331. But you do not like the reduction of the rebate when it is not combined with a reduction in the rate?—We have to pay 10 per cent., and we get 5 back.

1332. I would like to ask you about the piping contract that you spoke of. What was the date of that?—The date is the 24th March, 1905.

1333. You say that is still subsisting?—I do not know. It says "Contract rates 1905 up to date" Whether it still obtains I cannot say.

1334. The reason you find the rates are excessive is chiefly on account of the American rates, is it not?—Chiefly on account of the American rates.

1335. And it is difficult to get a standard of comparison otherwise than from the American rates?—We have the rates on the sailing vessels from home. There is a great disparity between sailing vessels rates and steamers.

1336. You recognise the advantage the steamers have over sailing vessels?—Yes, but I think the disparity is too great.

1337. You also recognise that at the present time there is a large increase in the price of coal and that passenger rates in the Eastern and Australian trades have been very much raised?—I do not know of that. I would like to say I do not say the steamship companies are making a lot of money just now, but that applies to everyone in this country. I should like to know the merchant who is making a lot of money on this side; and if these steamship companies come into this trade they must take the good with the bad. Mr. Lloyd said at this London Conference that during the years 1893 to 1898 they had made heaps of money out of the South African trade. He must take the experience of to-day with the experience of 1893 to 1898.

1338. You would even be ready to face legislation against rebates?—I would welcome it.

1339. If you could not come to terms for alteration by agreement?—Yes. I would like to go back to what other reasons I have for saying the rates are too high. Take the rate of sugar from Mauritius. The rate on sugar from Mauritius is 22*s.*, less a 5*s.* rebate to loyal shippers and 5 per cent. in addition. My firm is not a loyal shipper, and I have to pay 22*s.* for any sugar I get from Mauritius to-day. I take the last manifest of the "Hymettus" from Australia, and I find the rate here from Sydney is 22*s.* 6*d.* and from Melbourne 21*s.* 6*d.* I think I am right in saying that Sydney is quite four times the distance from East London that Mauritius is, and the very best rate of freight to anyone here from Mauritius is 17*s.* as against 22*s* 6*d.* from Sydney.

1340. I suppose there is not much cargo from Mauritius, is there?—There is not very much.

1341. (*Sir John Macdonell.*) Is there cargo both ways?—Sometimes the steamers of the Union-Castle Company load to Mauritius after touching at the Cape ports, and then they come back again.

1342. (*Chairman.*) That to your mind is somewhat a guide—anyhow as to the sugar rate?—It seems to indicate that the rates of freight under this rebate system from Mauritius are exorbitant.

1343. It is really with regard to the remedies that I should like to get a little more out of you. You think it would be possible to legislate against rebates?—I do not see why it should not be possible for this reason: that I venture to think that if all the firms in South Africa were asked to put their names to a document that they are prepared to be put, every one, on the same footing—big and small—each firm in South Africa would be prepared to do that.

1344. You think they would almost unanimously put their names to a document of that kind?—That every man should be put on the same footing as themselves, and consequently, if we in South Africa were practically solid and wanted nothing but equality for ourselves, I think we would be perfectly justified in asking the governments to legislate to give us that security and that equality.

1345. Of course, you know there were great difficulties at the time of the London conferences as to the proposed legislation by the South African Governments?—I know that the Board of Trade had thrown some doubt as to whether the proposed legislation could be passed by the Imperial Government.

1346. You say you read the reports of the Conference. You would see it was not only the Board of Trade, but you would see that in the discussions there was considerable criticism of the latest of the three proposed Bills?—As regards making legislation.

1347. This particular Bill certainly was deemed by almost all the Conference people to be impracticable. You did not read that?—I read that the Portuguese delegates said——

1348. I mean the Colonial delegates?—I do not remember them saying there was anything to hinder the prohibition of rebates and the putting of everyone on the same footing. I think the simpler the Bill is the better, but those are the two objects which ought to be aimed at.

1349. I am sure my friend here would tell you when you begin to draft a Bill nothing is very simple?—I quite agree with that.

1350. Then you would have all the difficulties about where the contracts are made and things of that sort—with governmental foreign engagements—do you recognise that?—I think that if the legislation was on the lines that everyone here should be treated alike and every steamer that comes here should be treated alike, any foreign engagements we have could not interfere with legislation for the people of South Africa protecting themselves in that way.

1351. You would not mind the risk of that legislation as compared with an agreement such as was proposed in London by the different South African Governments?—If the Conference in London had got us a substantial reduction of freight, I would have been prepared to agree to it.

1352. But as they did not get what they considered to be sufficient?—I have no hesitation in saying that the only alternative is prohibition of the rebate system on this side and legislation for everyone to be treated alike.

1353. (*Sir John Macdonell.*) Do you prize very much, or at all, fixity of freights?—Yes.

1354. You think that in business that is an important element?—Yes.

1355. It would be a serious disadvantage in trade if freights varied, I will not say from day to day, but from week to week?—It would be. If it were continued for any length of time it would be a serious disadvantage.

1356. At the present moment you have fixity of rates?—We have not; we have no guarantee at all.

1357. In point of fact you have?—No. I should like to refer to the contract made by Houston. During a period of three years our competitors here—or one, at all events—was getting an advantage over us——

1358. Putting aside that case and speaking for one moment of the great bulk of articles, and taking the last two years, you have fixity of freights?—We have fixity of freight, but we have no guarantee that other people are not being preferred to us.

1359. Are you confident that, the rebate system being abolished and the free freight market being in existence, there would be fixity of freights?—Yes.

1360. Must not that be rather a matter of conjecture and speculation?—It is to a certain extent; it is on the assumption that the lines in the trade will take a reasonable view of the situation.

1361. You are so confident of that conjecture that you are prepared to run the risk?—I would be prepared to run the risk. I would like, if I may, to mention one or two other things, which you have not asked me about at all, which are very important. Take the Calcutta trade, for instance. I have been asked by Messrs. Dyer & Dyer to put before you some correspondence which they have here in connexion with the method in which the rebate system operates from Calcutta. The position until very lately was that the rebate had to be claimed by the consignee on this side. The freight is paid by the consignee on this side and the rebates had to be claimed by the consignee on this side as well. A year or 18 months ago an alteration was made, and the rebate had to be claimed not by the consignee, but by the shipper of the goods in Calcutta, and we were bound down to this position—and we are to-day—that not only must you be loyal on this side as a consignee, but the man who buys for you in Calcutta must also be loyal as a shipper.

1362. In what document is this stated?—This is stated fully in the correspondence which I have been asked to put in, and which I have very much pleasure in putting in (*handing in documents*). If you want me to amplify it I shall do so now.

1363. (*Chairman.*) Is this the service of Messrs. Bullard, King & Co.?—Yes.

1364. They refuse to carry goods at all unless you are parties to this agreement?—They refuse to carry goods unless the man on this side is loyal and the man on the other side, who buys for him, is also loyal.

1365. (*Sir John Macdonell.*) Will you kindly mention the letter in which that is stated?—Yes. I should like to explain our own experience also. I think this letter perhaps brings it to a point—a letter from Anderson, Wright & Co. to the shippers in Calcutta—"Please note "that the present rate of freight, namely, 20*s.* and 10 per "cent., still remains in force until the 31st December, 1907. "Should the opposition continue, a cash refund of 10*s.* "will be paid to loyal consignees by all steamers of the "Natal direct line at all the ports to which the opposition "carry cargo and to which they will load." That letter is dated 18th June. This is a letter to the agents of the Bullard-King Line—"We are obliged by your favour, "giving cover to the circular of 18th June. We cannot "accept the interpretation you place on the words 'loyal "'consignees.' Up to the present we have ordered our "goods to be shipped by your steamers, and this has been "done, and we should be obliged by your cheque for "£5 15*s.* for the difference in the two shipments, the "s.s. 'Cape Corrientes' and the s.s. 'Congella.' It is "unfair to ask us to be responsible for the goods of other "firms or that our promised rebate should be affected by "any action of others." This is the reply—"We have "the honour to acknowledge receipt of your favour of "the 27th inst., contents of which are noted. We are "referring same to our principals, and will communicate "further with you on receipt of their reply." "With

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"further reference to ours of the 27th, we are advised by "our principals that they cannot authorise any such pay- "ment unless they have your assurance of loyalty in "future on the lines conveyed to you in ours of the 26th "ultimo." "We are in receipt of yours of the 6th inst., "intimating that your principals decline to pay us the "rebates to which we consider we are entitled. We "hereby protest against the treatment which we have "received at your hands. We must decline to be respon- "sible for any other shipments but our own." The position is made quite clear there, and, as a result of this action, two or three shippers in Calcutta broke away and promised that they would refund to the merchants here the rebates they were sacrificing if in future they would ship by the opposition line of steamers, which has been done.

1366. (*Chairman.*) Were there large rebates at stake?—Nothing compared to what they are in the home trade. Our position, I would like to state, is this. Messrs. Anderson, Wright & Co., the agents of Bullard-King, have been buying for our firm for the last forty years, and they have absolutely declined to execute any orders for us unless they are shipped by the Bullard-King Line of steamers. They will sacrifice a connection of forty years because they say "We are agents for the "Bullard-King Line of steamers, and we must observe "the instructions we have got that we must be loyal as "shippers."

1367. You did not put that in your brief you handed in?—Yes, it is in the brief; or it is in the Chamber of Commerce's brief, at all events.

1368. Have you any other case?—I should like to deal with the question of homeward shipments of wool, and not only wool but South African produce generally. The rates of freight on wool from Australia are, as a rule, $\frac{1}{4}d.$ per lb. and $\frac{3}{8}d.$ from here. The distance is just exactly double, or if the steamers go through the canal, they have to pay something like 6*s.* 10*d.* a ton dock dues. I would like to point out also, in reply to what Mr. Gasson said this morning, that the Australian wool is packed tighter, that it can be done here just as tightly, and it is not done here because the shippers have got any amount of room to take all the cargo that offers, and there is no necessity to press the wool at any time. Then I should also like to say——

1369. Would that cost any more?—No, practically nothing more. Then I should also like to say that, as a set-off against that extra pressing of the Australian wool, there is the fact that the Australian wool, as a rule, is very much lighter than the wool that comes from South Africa.

1370. It takes up more space?—It takes up more space, and as it is carried by weight, consequently it is a decided advantage to the steamship companies to handle wool of the nature shipped from South Africa as against that light wool which is shipped from Australia.

1371. Are there many that share your views about the unfairness of the rate?—I think so.

1372. (*Sir John Macdonell.*) Produce exporters?—Mr. Gasson, of course, spoke for the people who are purely and simply here to buy produce. There are others who handle produce, and we take a different view for this reason, that a country like this requires all the assistance it can get in the way of the encouragement of the products of the country. It not only applies to wool but to all Colonial products of all kinds. If we can get that stuff shipped cheaper to the consuming markets, the country is going to go ahead naturally very much quicker than if no such facilities were available.

1373. (*Chairman.*) You mean that a bigger price would be available for the producer?—Yes. If it were carried at $\frac{1}{4}d.$ a lb., that extra amount would go to the farmer's pocket.

1374. It would get to the farmer's pocket in time through the merchant?—Through the merchant, yes. Another point in connection with the relative rates of freight is this—that the Australian wool to-day is of a very much higher class than the South African wool, and $\frac{1}{2}d.$ a lb. for the wool that is going to sell for 10*d.* or 1*s.* a lb. is a very different proposition to $\frac{3}{8}d.$ on a wool that is going to sell for 5*d.* or 6*d.*

1375. Does most of your wool sell at a low price?—Yes, the great bulk of it. I should say the average would not be more than 6*d.* a lb.

1376. Do you think the production of wool is going to increase very much?—Yes, I think so, and I think that with encouragement the export of mealies would become a factor in this country, but until lately there has been no possible chance of getting a reasonable rate of freight for mealies. Now, we have a rate of 10*s.*, which no one can cavil at, which is very low indeed. They have been taking mealies from Natal to Great Britain at 10*s.* a ton.

1377. By the Conference steamers?—Yes; also I think very largely due to the advent of you gentlemen on this side. Then, in support of that, I would like to quote a rate of freight paid from Cape Town not so very long ago on fruit. There is a statement here by a firm—Taylor & Miles, of Cape Town—showing the rate of freight paid in 1904 on something like 20 shipments of fruit from Cape Town to Great Britain. The cost of the goods is given as £997 6*s.* 3*d.*, and the freight paid on those goods is £835 2*s.* 5*d.* That just indicates how the views of the Conference steamers have developed within the last two years. While in 1904 they wanted a freight aggregating £835 on goods worth £997, they are now prepared to take mealies home at 10*s.* a ton; and they have told us also they are going to give much more favourable rates of freight on fruit shipments. In conjunction with the announcement about mealies, they have also stated, through Dr. Jameson, that they are going to encourage by every means possible the shipment of fruit from the Western Province.

1378. You think that is encouraging?—I think so distinctly.

1379. And you are so good as to attribute some of it to the Government having asked the Commission to take evidence?—Yes, to take evidence on this side.

1380. I think you said something about the attitude of the Chamber of Commerce being due to the Commission?—I meant to say that up till the week before we had the meeting to draft the replies to these questions, the Chamber had never on any single occasion given otherwise than a unanimous vote in favour of the abolition of the rebate system. It is most extraordinary that at the last moment there should be this tremendous somersault, and from an unanimity in favour of the abolition of rebates there should be a majority of four against.

1381. Have you anything else to urge on the export side?—No. I would like to point out in connection with the reductions which have been made—they are very slight indeed, but I think Mr. Lloyd claimed there have been reductions in the rates of freight. I should like to state that any reductions which have been made have been more than neutralized by the additional facilities in discharge, owing to the development of the harbours on this side.

1382. (*Sir John Macdonell.*) In some 50 articles it was stated?—I have a statement, which I am handing in, which will show you what fluctuations have taken place, and they are very slight indeed, and there are quite a number of articles which have fluctuated upwards.

1383. (*Chairman.*) The point is, that by changes of classification 50 or 60 articles had been reduced in rate. You do not think that is accurate?—I have gone through our books and taken the actual rate of freight on the article paid by us, irrespective of any classification.

1384. Do you think these articles of yours are representative of the export trade?—Very representative.

1385. You say the changes have been very slight while, on the other hand, a great deal has been spent over here in improving the facilities?—Yes. Take the rates to East London. These are based almost entirely on the assumption that steamers coming here are going to incur lighterage of 5*s.* a ton. Practically 95 per cent. of the traffic discharged at the port of East London during the last three or four years has come into the river, so that this 5*s.* a ton for lighterage, which is supposed to form part of the freight, is never incurred by the Conference steamers, or very rarely incurred.

1386. (*Sir John Macdonell.*) Do all come in except the mail boats?—Just now, unfortunately, the bar is a little bit bad, but in normal times they would all come in. Every steamer of any reasonable size that comes to this port comes right in, except the mail boats; all the steamers of the Conference Lines practically come into the river.

1387. (*Chairman.*) That is, of course, a special point as regards East London?—That is the point I am emphasising—that, while there have been reductions in freight, the companies have benefited to a greater extent

than they have sacrificed by any reduction which has been made. There is a point in connection with the rebate system that I would like to mention. If they are not abolished from the United Kingdom, because of this Elkins Rebate Act in America which prohibits rebates, America is going to have a great pull over England in the matter of rates, to my mind. Sir Donald Currie says he does not know of any legislation in America which interferes with the rebate system, but curiously enough as soon as the Elkins Anti-Rebate Act was promulgated in the United States, Sir Donald Currie and his confreres issued a circular stating that the rebate system had automatically ceased, and not only in the South African trade but in every other trade from America. As regards the trade with the River Plate, a similar circular was issued that the rebate system had ceased to exist.

1388. Have you observed a tendency to increased trade with the United States since the abolition of the rebate system?—During the last four years, manufacturers in the United States have been up to their ears in work, and they have not had to look very far afield for an outlet for all the goods they could have manufactured. I say distinctly that as soon as this condition of things is finished with—I agree that in Great Britain the same conditions have obtained—but as soon as American manufacturers have again got to look afield for an increased output, they are going to take full advantage of the difference in freights as between America and Great Britain.

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1389. You think that when worse times come in the States, there will be a large increase in their exports to this country?—I think so distinctly. They are bound to see the advantage that they have got and take full advantage of it.

FIFTH DAY.

Town Hall,
East London,
Friday, 13th September, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. HANS OTTO AUGUST LERCHEN, examined.

1390. (*Chairman.*) Are you a member of a firm here?—Yes, I am a member of the firm of Heinrich Knorr.

1391. Have you been long in business here?—I have been out here 11 years and joined this firm three years ago.

1392. You want to give evidence as regards coal freights?—As regards coal freights principally.

1393. You state that "According to the agreement "made between the Merchants' Committee and the Ship-"owners it was arranged they should not take cargo on "ship's account except coals to fill up?"—Yes.

1394. Then you make the complaint that the Union-Castle Company has made a contract with the Natal Coal Mines Association, by which this Association sells all their coal for export to Cape Colony to the Union-Castle Company and in return this Company has guaranteed to buy a certain quantity during this year. Is the contract only made for one year?—Only for one year, as far as I am aware.

1395. When was it made?—Towards the end of last year, and started on the 1st January, 1907, up to the end of this year.

1396. You say that under that contract "The Castle "Company have now taken up a position as merchants "and not only carry this coal by their steamers but also "sell it all along the Coast for their own account." What ports do they sell it at?—East London, Port Elizabeth and Cape Town.

1397. You say "They have concluded contracts, which "formerly were held by the established coal trade, at such "prices as to exclude all competition, and as they are "steamship owners as well they naturally can control their "own freight to their own liking." With whom have they made contracts?—In East London there are several, one with the East London Harbour Board.

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1398. Are there any others you know of?—Yes, there are several others, but I would not like to mention the others in public.

1399-1400. Then you say "That an ordinary coal mer-"chant to get his coal shipped has to look for freight"?—An ordinary merchant has to charter his own boats, or if he cannot do that he has to go on the open freight market and get a suitable freight. Of course, he will never get a freight from anybody which is so low that it would not pay the party from whom he gets the freight. Of course, it is different if a steamship company with its own boats comes into the market, because the freight is practically nothing to them; they can control the freight just as they like.

1401. "The Union-Castle Company, owing to their "also doing the carrying trade for the coal required by "the Cape Government Railways." Is that under a contract?—The Cape Government Railways called for tenders towards the end of last year, and those contracts were secured by the Natal Coal Mines, and these Natal Coal Mines made an arrangement with the Castle Company to carry this coal to Cape Town, Port Elizabeth or East

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London, wherever the contract stipulated. This being a fairly large quantity, the Castle Company could at the same time also carry coal for other people, which would be quite right and nobody would have any objection against that, but they did not do that; they not only carried coal but sold the coal on their own account

1402. I suppose they are only filling up; they have not full cargoes on their way westward from Durban?—Oh yes, they have. They made an agreement in Durban with the Coal Association that they should take a certain quantity of coal during the year—I am not quite certain of the quantity but I believe it is somewhere in the neighbourhood of 80,000 tons—and the Coal Association of Durban guaranteed that they would not export or sell any coal to the Cape Colony but that the whole of the sale was to be conducted by the Castle Company, and the Castle Company were thereby the actual sellers of all the coal which this Association might have for sale to the Cape. They have to sell that coal, and they are not carrying that coal simply to fill up their boats but to sell it.

1403. As a fact, I suppose they are carrying it to fill up, are they not?—They would not be full if it were not for that coal; in fact, I do not know that they are full even when they have that coal. The year before another steamship company had the carrying trade for the Cape Government Railways, and they never carried coal to the same extent for their own account.

1404. What difference does it make having the contract with the Cape Government Railways? Is it not the case that the Union-Castle boats mostly leave Durban with plenty of room for coal?—That is so.

1405. Would not they say that they are not violating this clause that you gave us in the first sentence—"Will "not take cargo on ship's account except coals to fill up"? Would it not seem to be really complying with the letter if not perhaps with the spirit of that agreement, that they are carrying the coals to fill up?—It would be in a way if they were using the ordinary boats, but they have chartered special colliers, which means that they are going into the trade body and soul.

1406.—I understood you to say that it was in their own ordinary boats they were carrying this coal?—Partly their own boats and partly these colliers—whichever suits them best.

1407. You say "Nobody, of course, can dictate to the "steamship company if they like to cut their freight for "coal, but I hold that as long as the steamship company "requires the merchant to loyally keep to the freight "agreement the steamship company has no right to break "it and launch out as coal merchants in direct opposition "to the existing coal trade." Are you in the coal trade?—Yes.

1408. You go on to say "There are various contracts "secured by the Castle Company against the established "coal trade, which buy their coal from mines not "belonging to the Natal Mines Association." Can you tell me what the proportion is of mines in Natal under the Natal Mines Association?—There are seven mines which belong to the Association, and there are several mines which are outside the Association and which are doing a free trade, and they are also fairly big mines.

1409. The production of coal in Natal is something like 1¼ million tons a year?—Something like that.

1410. How much of that is controlled by the Natal Mines Association?—The seven largest collieries put out at an average of about 10,000 tons a month; that would be 70,000 tons a month, but out of that there is a fairly large proportion which is used for the bunkering trade in Natal, with which the Castle Company, as far as I know, have nothing to do. It is only the actual export trade from Natal to the Cape Colony. I have not the actual figures here, but I could get them.

1411. So that it is not a very large proportion of this 1¼ million tons of coal that is controlled by the Association, is it?—No; it is a fairly large proportion, but I should not think it is anything like three-quarters because a very large amount of it goes to the bunkers in Natal.

1412. Something like half that production goes as bunker coal—something like 600,000 goes as bunker coal, and it is not that they control?—I do not think they control that.

1413. It is the cargo coal which is increasing so much?—The cargo coal to the Cape Colony.

1414. Because here in 1905 there was only something between 40,000 and 50,000 tons of cargo coal sent from Natal altogether?—Yes, but that has increased considerably: it has increased this year further. Now, especially on account of the very high price of the English coal, it is very likely to increase to a very large extent.

1415. I suppose general production will increase too?—Yes, and there are so many mines which a year ago were only in the development stage, which since then have opened up and are now in a position to put out fairly large quantities.

1416. Is it a half that the Natal Mines Association control?—Do you mean of the export trade to Cape Colony, I should think a good half. Of course, the idea possibly might have been at the time they got the seven largest mines to join them that they would secure the bulk of the trade, and the other mines, not finding sufficient outlet for their coal, might possibly also be forced to join them, so a monopoly would have been created.

1417. Are they trying to get a monopoly? Are they trying to get all to join in the Ring?—At the time they tried their best to get all the big collieries to join because it would have been all the better for them.

1418. Have you been in the habit of getting your coal from Natal?—Yes.

1419. Your coal would be included in these figures of export?—Yes.

1420. Then you say "In view of this matter the East "London Chamber of Commerce passed on the 8th May an "unanimous resolution reading as follows:—'That this "'Chamber protests against the action of the Union-Castle "'Company in entering the market as coal merchants and "'selling Natal coal to the detriment of the existing coal "'trade, and that a copy of this resolution be sent to the "'Associated Chambers.'" Then you say the Associated Chambers referred it to the Cape Town Chamber. Why was that?—I do not know why that was done. The idea was first to refer this resolution to the Associated Chambers, which were sitting in Pretoria at the time, but as it happened it was too late. When this resolution was passed on the 8th May that meeting was practically over. Then it was resolved to send it down to Cape Town, where possibly the Secretary of the Associated Chambers is. I am not quite sure on that point, but I believe the Secretary of the Cape Town Chamber of Commerce holds the position of Secretary of the Associated Chambers. So it happened it was referred to the Cape Town Chamber of Commerce. They replied that in view of the Royal Commission coming out they thought it best that the matter should be held over.

1421. Does this resolution of the East London Chamber of Commerce still stand or has it been reversed in any way?—No, it has never been reversed.

1422. Not after the last meeting, when there seemed to be a different view about the rebate question?—No; this matter was not brought up then.

1423. So the resolution still stands?—Yes.

1424. Then you go on to give an instance "to show "how the Castle Company succeeds in securing business "formerly done by the established coal trade. The East "London Harbour Board called for tenders of Natal coal "for six months of 500 tons per month. The Castle "Company secures the contract at 18*s.* 9*d.* per ton of "2,000 lbs. delivered into the Board's bunkers. Now the "price the Castle Company has to pay at Durban is about "15*s.* 6*d.* per ton of 2,240 lbs. and certainly not less, which "is equal to 13*s.* 10*d.* per 2,000 lbs. Stevedoring expenses "at Durban, say, 6*d.*; at East London 6*d.*; Temperley "Transporter at East London for conveying coal into "Harbour Board bunkers, 4*d.*; which leaves 4*s.* 3*d.* per ton "freight, out of which the port dues at Durban and East "London have to be paid"?—Of course, with regard to these figures which I have given, I cannot say exactly whether they are absolutely exact. I do not know how much the Castle Company may have to pay at Durban for their stevedoring, but anyhow, they are not very much out.

1425. When did this happen; when were these tenders called for?—It was in March of this year.

1426. Did you send in a tender?—Yes I believe others did also. Of course, it stands to reason it was absolutely impossible for anybody who has to get freight in an open freight market to be able to get a freight of anything like 4*s.* or 5*s.*, because it is absolutely impossible

for anybody to run coal round from Durban at that price and pay the expenses at East London and Durban out of it.

1427. What is the freight you have to pay from Durban for your coal?—It is about 7*s*. I can give it in private.

1428. This is also to the advantage of the Harbour Board?—Of course it is, and I do not think the Harbour Board anticipated such a cheap price, otherwise they would have made a twelve months' agreement.

1429. Besides this instance, do you know of other instances in which the coal supplied by the Union-Castle Company passes into public use?—Yes, I know of other instances. At the beginning of the year the position was this. First of all, the various collieries had their agents at the various ports, and the Castle Company then said, "We are going to leave the business to these agents, but "the business has to come to us and not to go to the "colliery, and any business which the agent secures he "must hand over to us." At that time the price was arranged: it was a price which left the Castle Company a fair margin of profit on their freight as well as on their coal. Then they found that the outside collieries, which were not in that Ring, seeing the severe competition of the Castle Company, cut down the price, and the Castle Company lost several contracts in that way. As they had contracts in Durban for a fairly large quantity of coal to be taken during the year, they said, "We must do "our best to get rid of the coal somehow during the "year," and they then started to cut down prices to practically nothing. They did away with their various agents—anyhow, as far as East London is concerned—and they went into the business themselves as the Castle Company. They secured this contract with the Harbour Board as the Castle Company.

1430. I suppose I could not go and buy coal from them here if I wanted coal: they do not sell coal in the place?—It depends on the quantities you would require. If a contract was in the market for 1000 tons I think the Castle Company would make great efforts to get it.

1431. Were the coal merchants here united in a Ring?—No. The coal merchants here in East London just did the business in the usual way. They get their coal from Durban from the various collieries, and then they had to pay the expenses, and then they sold the coal here.

1432. They did not agree not to send in tenders lower than so and so?—No, it was quite an open market here.

1433. It has been known that when Municipalities or Governments have wanted supplies of anything the peop'e who supply them have occasionally come together and arranged that they would not send in tenders for less than so much?—It was not done here.

1434. You conclude by saying "It is of course impossible "for anybody who is not a steamship owner to secure "freight at that figure, and it shows the injustice that a "steamship company who is a member of the Conference "should do a merchant's business to the detriment of the "existing trade." Are they interfering with your general trade as well as with the contract trade?—The contract trade in the coal business is really the principal trade, because anybody who buys coal in any fair quantities is a constant consumer of that coal and would naturally make contracts lasting over a certain period of the year.

1435. There is not much private consumption of coal?—No, there is a tremendous quantity of wood burned here. It would not amount to anything in proportion to the contracts.

1436. What other great consumers of coal are there outside the Harbour Board?—The Municipality. There are various industries in East London and King William's Town. There is a Municipality at King William's Town. There are various industries here in East London. There are the flour mills, and in King William's Town there are soap and candle factories. Then there are cold storages. At one time there was a fair trade with the trawlers. We had about a dozen trawlers here in the river that went out fishing.

1437. Are there many of these largish consumers that have taken to having their coal from the Union Castle Company?—Yes, there are several. It was because of the Union-Castle Company securing contracts at such prices that made the business for the established coal trade so very uncertain, and it practically came to this that prices had to be cut down to almost nothing.

1438. In fact you do not regard them as fair competitors?—Very unfair. They disturb the whole trade.

1439. You do not think this clause about carrying cargoes on ship's account to fill up—you do not consider it "to fill up" because they charter for their coal?—I think at the time when it was made the Conference lines at home had to agree to regular sailings, and there might not be sufficient cargo for them at times and to protect themselves they said "If we have not sufficient cargo we will have "the right to fill up our ships with coal, and we also want "to have the right to sell this coal if we want to have the "space ourselves." But the spirit of that clause was surely never meant that the shipowners should make it their business to take in coal and make it their business to sell the coal in the colony again. This has always been the contention of the merchants here, that several of the steamers brought out Welsh coal and sold it here; nothing could be done against it because of this clause. Nobody anticipated they would come into the trade as they have done.

1440. You think as the Natal coal production is likely to increase this may become a very large business?—It may become a very large business and it may become a monopoly, because no private enterprise will go on selling coal if there is no profit to be made in it.

1441. (*Sir John Macdonell.*) Have you made any complaint respecting this matter to the Castle Company?—Yes, when the matter started first the Company came to me and offered me an agency of one of the collieries. The position at that time was that during the last year I had done a very good business in coal as far as coal was concerned in East London, and I was then approached by the Castle Company. For five of these collieries they had appointed agents and I was asked if I would take the agency of one of these collieries. I pointed out I was a larger buyer of coal and I thought it extraordinary that I should all of a sudden take over any colliery which might be left to me by their grace, and secondly that I should be put on the same terms as any of the other agents who perhaps for years and years have never sold a ton of coal.

1442. You declined their offer?—Yes, and as it afterwards happened the Castle Company themselves said that they had to do away with all their agents and had to take over the selling of the coal themselves.

1443. When the resolution by the East London Chamber of Commerce was adopted, was it brought to the attention of the Union-Castle Company?—Yes, before I brought the resolution on I went to the Union-Castle Company and I said I was going to bring it on.

1444. Did you or any other gentleman in the coal trade receive any communication in writing from the Union-Castle Company stating the grounds on which they had taken this course?—Yes, the Chamber of Commerce received a letter from the Union-Castle Company explaining their position.

1445. Do you happen to have a copy of that letter?—It is with the Chamber of Commerce, they have a copy of it.

1446. Could you state to me so far as you remember what were the reasons given by the Union-Castle Company for this line of action?—They say owing to this clause by which they can take coal in their ships they have the right to take the coal, furthermore that their main intention has been by taking the coal over from the collieries to give a great stimulus to the coal trade in the Colony and support the coal trade and put it on a proper basis.

1447. If you can would you procure a copy of that letter?—Yes, I could of course with the approval of the Chamber of Commerce. (*See Appendix XXIII.*)

1448. The clause which you quote in your brief is taken from what document?—I have taken it from the proposal of the ship owners handed in by Sir Donald Currie at the meeting of delegates held at the Colonial Office on Thursday, 14th December, 1905. I am fully aware that afterwards these resolutions were not accepted by the Conference.

1449. In speaking of that document as an "agreement" you are using the term somewhat loosely, are you not? It was not finally adopted?—No, but the extraordinary part of it is that out here nobody seems to have the proper agreement between the ship-owners and the merchants, which is in force at the present time.

1450. In your judgment that loose state of things is objectionable?—I should think it is. Anyhow, I could not procure a proper agreement in East London.

1451. Your brief states, and you yourself have stated, that there was an "agreement" in terms such as you have stated; more accurately you would describe it as a

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proposal?—It was a proposal at this time in 1905, but I believe I am right in saying that it also is in the actual agreement which was in force.

1452. I want to be a little particular about this. What other document do you suggest it is to be found in?—In the original agreement.

1453. In the circular of 1897?—I could not find it. I asked several, but nobody seemed to have the original freight agreement between the Conference lines and the merchants.

1454. So that the position at the present time is this, that so far as the non-shipping of coal for purposes of sale is concerned there is practically no agreement; there is a loose understanding?—There must be one, otherwise the Castle Company would not have mentioned it in their reply.

1455. In your view it would be more satisfactory if the terms of the contract relating to this matter were contained in a definite agreement accessible to everyone?—Exactly.

1456. Is it within your knowledge what were the terms upon which the East London Harbour Board obtained this coal on previous occasions. The instance that you give here is "secured the contract at 18*s.* 9*d.* per ton." What was the price before, do you happen to know?—Yes, it was I believe 21*s.* 8*d.* or 22*s.* I could get that information. At all events there was a difference of about 3*s.*

1457. At all events there was a considerable reduction. Is there a Coal Association in East London?—No.

1458. In your view this term of the "agreement" does not include the kind of business which you have described?—No. You mean the clause which I have read?

1459. "Will not take cargo on ship's account except "coals to fill up, which they may sell or use for their "voyage eastward or elsewhere"?—Reading that clause one certainly believes that a steamship company should not start selling coal in large quantities on their own account.

1460. They are free under this to fill up if empty or partly empty?—Yes.

1461. And I suppose they cannot foresee exactly to what extent their ships may be filled at various places?—Yes, that might be quite right.

1462. I suppose that is so?—That is so in a way.

1463. And I suppose also they must make provision for filling up their ships by coal?—Or anything else.

1464. At all events you would expect that as men of business they would enter into some contract with coal owners in Natal or elsewhere, by which they might provide for the contingency of their ships being a half or a quarter empty?—Quite so. I do not see anything against that at all, as long as it is a matter of freight.

1465. And if it happened that they got more freight than they expected during a particular season, a surplus of coal would be on their hands?—Then the question is whose coal is it, the Colliery Company's coal, or the Castle Company's coal.

1466. I am directing your attention to this, that as reasonable men of business they would make provision for their ships being empty or partly full, and would accumulate a stock of coal to provide for that contingency, would not that be so?—Yes.

1467. If it happened that they got more cargo than they expected, I suppose there would be a surplus to be disposed of somehow or another?—No, if their ship is full they cannot take in any more cargo.

1468. I am putting to you the case of their making provision for a certain amount of empty space and their finding in the course or a part of a year that the empty space was less than they anticipated, There would be some coal to dispose of then, would there not?—That might happen.

1469. That you suggest would only be an accident from time to time?—Yes.

1470. At all events, so far as regards the surplus coal, if any, you no doubt would say that they ought to dispose of it?—If they are the owners of it they ought to dispose of it, but I object to them being the owners of it.

1471. You state that they have chartered colliers from time to time?—Yes.

1472. Can you give me any idea to what extent that has been done?—At the present time they have got three colliers running along this coast for nothing else but coal.

1473. Do you mean by that that they have three colliers conveying coal for the purpose of being disposed of or fulfilling contracts into which they have entered?—For both; they combine both.

1474. They coal, do they not, at certain ports—Cape Town, for example?—Do you mean they dispose of the coal there, or that they take in coal for their own consumption. Oh, no, they carry enough coal with them.

1475. They never coal at Cape Town?—Not the colliers, the other ships do coal at Cape Town.

1476. Do you suggest that these colliers are exclusively used in carrying coal for sale or for the fulfilment of certain contracts with customers?—Yes, exclusively for that.

1477. And not in any way used for the purpose of conveying coal to be used by their own vessels?—I cannot answer exactly to that because they might have some coal which they might deposit at Cape Town for another vessel to take in. It is impossible for me to say.

1478. If they did that it would be an important qualification, would it not, of your answer?—I do not quite follow that.

1479. I do not want to labour the point. If you tell me you do not know whether they do that at all, or to any great extent, I will not ask anything further about it?—I do not know if their colliers take coal from Durban and deposit it there to be taken up by other ships for bunkering purposes.

1480. For anything you know that may be done?—That may be done.

1481. Would not you rather expect that it would be done?—I should think it would be done. The possibility is that most of their boats take that coal.

1482. If they do coal at the Cape, you would expect, from a business point of view, that they would employ the colliers in conveying coal to Cape Town?—Yes, but that would be a very small percentage.

1483. You mentioned the contract with the East London Harbour Board, and you stated that you knew of certain other contracts?—That is so.

1484. The exact details of them you do not desire to make public. Without in any way going into particulars, can you give me an idea of their number?—I know two for certain, and I know another one where they have tried very hard to get it and have not got it.

1485. Are you speaking now not merely of East London, but of other ports?—East London only.

1486. Have you any reason to believe that this form of business is carried on by the Union-Castle Company at other ports?—It is carried on at Port Elizabeth.

1487. At Durban?—No, not Durban.

1488. At Cape Town?—At Cape Town it would also be carried on.

1489. So that in your view the Union-Castle Company are acting on a somewhat extensive scale as coal merchants at all the ports with the exception of Durban?—Yes.

1490. In the course of the evidence given before the Commission at London it was suggested by one witness that certain shipping companies—I am not in any way speaking of the Union-Castle Company—took orders for other articles than coal. Have you ever heard of such a case?—No.

1491. You have no reason to believe that such a practice exists?—Not at the present time, no. I do not know if you refer to years ago. Years ago it has happened that the shipping companies have taken out cargo on their own account but that has been stopped.

1492. I do not want to go back for many years, but say within the last four or five years?—There is a suspicion that it has happened although I cannot give actual facts without going into the matter fully.

1493. Have you any personal knowledge on the subject?—Yes, I think I have.

1494. Again I am desirous not to press you to give matters which you desire not to state in public. Might I go as far as to ask in what kind of goods this took place?—In timber.

1495. Do you desire not to give the particulars in public?—No, I do not desire it.

1496. May I go as far as to ask you whether this form of trade of which you speak has taken place within, say, the last four years?—It has taken place within the last four years.

1497. In any other commodity than timber?—No, not that I know of. Your question refers to the Conference Lines?

1498. Yes?—Quite so.

1499. (*Chairman.*) I will proceed to the second part of the notes you handed in about the coast-wise freights. You say as regards the coast-wise freights "In my opinion "the freights along this coast as they are being charged "by the Conference Lines under the rebate system are "out of all proportion. As a result a port to port trade, "which, owing to larger support now being given to "Colonial industries and produce, might develop to a fair "extent, is now unable to develop. To take one instance, "mealies are now carried by the Conference Lines from "Durban and East London to London at 10*s.* per ton, "while the freight to Cape Town is 15*s.* per ton?"—That has been altered during the last few days. Since I have written this the freight from East London to Cape Town has also been reduced to 10*s.*

1500-1501. How much is it from East London to London?—It is also 10*s* now.

1502. Do you know why that was done?—It was done on very strong representations through the Chamber of Commerce to the Prime Minister, because there is a fair export of mealies from East London to Cape Town, and Natal has enjoyed a cheaper rate than we had formerly and has practically taken a good deal of business away from us here. It was absurd to charge freight to Cape Town at 15*s.* and charge freight to London 10*s.* for mealies.

1503. You say "With the freight reduced a great "impetus is bound to be given to interport trade in "Colonial produce"?—The whole question of the coast-wise freights has changed to a certain extent. I understand that very soon a conference is going to take place with the shipping companies, when this matter will receive special attention, so that possibly the complaint I am bringing forward here now may soon be remedied.

1504. When you wrote this you were not aware of that?—No, it is only during the last few days.

1505. "As the conditions which govern the import "trade from home are different from those at the coasts, "rebates along the coast should be abolished altogether." If you had known would you have written that?—Yes, they should be abolished or considerably reduced.

1506. You will not be able to abolish freights?—The rebates should be reduced or if possible abolished.

1507. Why do you want to abolish the rebates?—The conditions along the coast are different to what they are at home. If you order anything from home it takes you three months before you receive it in your store. If you have an open freight market the article may drop in price considerably. By the time the three months are passed you might find they are practically unsaleable at your price. Along this coast here it takes only a few days before getting the goods.

1508. You are not in such a particular hurry?—Unless you want to speculate here you can always get your goods at any time.

1509. Your point is that a slow coast ship would answer your purpose?—Yes.

1510. You say "The shipping companies may say that "for the small trade offering along the coast it does not "pay their large steamers to carry coastwise cargo at a "lesser rate than that in existence now owing to the "heavy harbour dues and maintaining expenses of their "steamers." That is true I suppose?—Yes.

1511. There is not a great deal of cargo to be carried?—No, not so far, and that is a reason why the shipping companies may say "We have our very big steamers, they "cost us a good deal of money and you cannot expect us "to pay the heavy harbour dues and then carry a few tons "from East London or Port Elizabeth to Cape Town for "a very low freight," but of course the smaller the steamers the less the harbour dues are, and I therefore contend that there is an opening for small coastal steamers.

1512. You say "Small coastal steamers, which do not "run into such heavy figures and which could do this "trade at a remunerative rate to themselves." What sort of boat would you think of?—B ats about 1,200 tons.

1513. Are there boats of that class that go along the coast?—Yes.

1514. But you cannot use them on account of the rebate?—You cannot use them on account of the rebates and then at the present time practically all the coastal trade is done by the mail boats. They have their regularity of sailings, but then the freights are very high. For general goods you have to pay 15*s.* to Durban, and 17*s.* 6*d.* to Cape Town. The mail boats of course cannot carry that stuff cheaper.

1515. Are not you speaking now of coal which you deal in, more than of general goods?—No, I am not speaking of coal in this instance.

1516, Mealies?—Mealies.

1517 And tea and sugar?—Sugar, potatoes, general goods, compressed fodder, Kaffir corn, and the exchange of merchandise from port to port.

1518. Do you deal with these?—No, we are shipping agents. Of course we ship a fairly large extent of goods for clients of ours.

1519. You think there is a great deal of trade of that class which would be done much more cheaply by the small steamers, and that the advantages of speed and regularity and frequent service are not so important?—They are not so important along the coast.

1520. Not so important as they are in the case of goods from home?—Yes, that is my opinion.

1521. I suppose when you speak about what the Shipping Companies may say, you have tried to use these small steamers and you have not been allowed. Have you made representations to the Shipping Company?—No, no representations have been made. It is a question of these steamers being in the Conference Lines or not. Those who are, charge these very high rates, which seem to be far too high in proportion to the steamer.

1522. Has this subject been before the Chamber here?—Yes, that also was raised at the time when the meeting was held about rebates, and it was decided to add to the recommendation of the Chamber that the coast-wise freights should also receive proper attention and re-adjustment.

1523. From what you say, there is a tendency to reduce rates?—Yes, there is a tendency to reduce rates because of late there has been a great forward movement in favour of Colonial industries and Colonial products, and the Shipping Companies also recognise this and are now meeting the general public.

1524. You think that the Union-Castle Company will endeavour to meet your views in this way to a great extent?—I believe they will, though I think it advisable to mention it here. Of course there is also the matter of the general goods. For instance, take a ship bringing out a quantity of goods from home to East London. I had a question once. I received a shipment of 300 cases of certain goods per mail boat, first class, and had to pay 40*s.* on those goods. When they arrived at East London I wanted 125 cases to be carried on to Durban, that meant 125 cases never left the ship, and only travelled another night and half a day, and I had to pay another 15*s.* per ton on those 125 cases.

1525. You demurred to that I suppose?—Yes, just to show that the coastal freights are enormously high.

1525a. You wish to call attention to this, though probably part of your grievances will be remedied?—Yes.

1526. (*Sir John Macdonell.*) There is a circular issued as regards the rebates on the coast trade?—Yes, I have a copy of it here (*handing in document*).

1527. Would you state whether it contains anything peculiar as compared with the rebate circular in the trade between Europe and South Africa?—This is at the rate of 10 per cent., whereas the other one has been reduced to five per cent.

1528. There has been no reduction as far as the coast trade is concerned?—No, there has been no reduction as far as the coast trade is concerned. There is also an open question whether anybody who ships by an outside boat along the coast is liable to forfeit his rebates on the home imports. I do not think this matter has ever been

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fought out yet or any decision come to, but still, there is an uncertainty about the subject.

1529. You do not suggest that any forfeiture on that ground has actually taken place?—No, I do not suggest it.

1530. Has any claim been set up by the Union-Castle Company such as you describe?—No, but there is no definite statement from the Conference Lines that shipping by an outside boat along the coast would forfeit the rebates from home.

1531. Do not you think that that point, among other points, should be made clear in some definite agreement?—I should think it should be made very clear.

1532. Are you in favour of the rebate system as between Europe and South Africa?—Yes, I am in favour of the rebate system if the freights are reduced to a proper level and it is controlled properly.

1533. What do you mean by "controlled properly"?—I may say I prefer to take Colonel Price's evidence, and I stand by his evidence.

1534. You complain of the high rates in the coastal trade. Are they in any way determined by the railway rates?—The railway rates have little bearing on the coastal rates of steamers. For colonial produce the railway rates are reduced.

1535. Is it not possible that the Union-Castle Company and the other Conference Lines fix, to a certain extent at all events, their coastal rates by the railway rates?—No, I do not think so.

1536. You mention such articles in Natal as, for example, mealies, tea and sugar. Of course it is open to a Natal Merchant to send those articles either by the coasting trade or by the railways?—It would be suicidal to send them by rail, the cost would be enormously high; there is no railway just now connecting Durban and East London along the coast.

1537. Supposing any of those articles had to be sent to Cape Town or Port Elizabeth?—It would also be far too high in comparison with freight. The ship will always have an advantage over the railway along the coast.

1538. May not the high rate of the coast steamers be to some extent due to the still higher rate of the railways?—No, I do not think so. I think the high rates of the coastal steamers are more due to the very little trade which has been offered in the past. Practically nobody has taken any objection to them on account of the smallness of trade, but now that the trade is increasing, naturally there is a desire to lower these rates.

1539. Take, for example, the articles of which I speak. Natal has mealies, tea, sugar and coal. Take tea and sugar. Is there any appreciable movement in the way of trade in either of these two articles, to East London or Port Elizabeth?—Natal sugar is handicapped and cannot compete against Mauritius.

1540. So that may be put out of the question?—For the time being, but the Mauritius market might go to such an extent that the Natal market would be more advantageous. Tea is a matter which may come on in the near future the same as all other Colonial products come more to the fore.

1541. There being these high rates on the coasting trade, have merchants at any of these ports tried to form a combination by which they could put on the route steamers of their own?—No, not in a general way. It has happened, for instance, in connection with Knysna, where a good many sleepers are exported. I believe a firm has chartered a small steamer because they secured the contract for these sleepers.

1542. As you have explained to my friend, the steamers that you have in view for the coast trade are steamers of not very large size?—No, not very large.

1543. Therefore not requiring very much capital to buy or to build?—No, and not so expensive to keep.

1544. Therefore presumably within the competence and powers of a combination at some of these ports?—The shipping companies themselves might put on smaller boats for the coastal trade.

1545. You stated in your brief grievances which you think exist with respect to certain of the ports, including East London, and you added I think that, to some extent, they had been modified?—During the last few days.

1546. Might I ask whether there are peculiarities about the port of East London as compared, say, with Port Elizabeth as regards expense?—Port Elizabeth, of course, is a free port, whereas East London is not free; you have to pay the harbour dues on coming into the river.

1547. Port Elizabeth is entirely free of port charges?—Yes.

1548. Whereas a vessel here has to pay certain port charges amounting to what?—It amounts to about 2*d.* per ton on a small vessel like that.

1549. What would be the charge for a large vessel—not the mail vessel, but one of the large vessels belonging to the Conference Lines?—Take a vessel of 8,000 tons. That vessel in discharging inside of the harbour, say, a quantity of 400 tons, would have expenses altogether amounting to between £80 to £100, that is if a cargo steamer.

1550. I suppose there is another point of difference between these two ports—East London and Port Elizabeth; the volume of export trade is considerably larger than Port Elizabeth?—No, it is not so very much larger. From this port we export a good deal more wool than Port Elizabeth, whereas Port Elizabeth exports more mohair and feathers.

1551. Could you not give me any idea of the difference?—No. The figures could be got from the statistics. The difference is not considerable.

1552. Does any difference in point of view of expense arise from detention of steamers here as compared with Port Elizabeth?—Yes. Owing to bad weather the steamer may be detained here inside of the river, not being able to go outside, but that is an exception.

1553. Of course, if such detention occurs, it runs into money?—Yes; one reckons a steamer of 1,200 tons to cost about £20 a day.

1554. And a steamer of 8,000 or 9,000 tons?—About £70 a day, if a cargo steamer.

1555. There is less likelihood of such detention occurring in Algoa Bay than here?—There is. In Algoa Bay there is the danger of very heavy weather, when you cannot discharge on account of that heavy weather; whilst in East London once you are inside the river you can discharge at any time.

1556. Do you know whether there is an appreciable difference between the rates of insurance between vessels under charter going to Port Elizabeth, and vessels under charter going to this port?—Do you speak of sailing vessels? Of course, there is a great difference between sailing vessels and steamers.

1557. I had better confine my question to steamers?—No, there is not very much.

1558. There is some?—I am not quite certain, but I should think there is a slight difference.

1559. Only slight?—It would be very slight.

1560. (*Chairman.*) Is there anything else you wish to add on this subject?—There is one matter I wanted to mention. Yesterday it was stated in evidence that the Conference steamers from the Continent were quoted on a through Bill of Lading. This is not the fact. The German steamers coming from Germany or Antwerp do not carry any goods on through Bills of Lading to the Cape. They used to at one time, but that has been done away with.

1561. Which Conference Lines are you referring to?—I am referring to the German East African Line and the German-Austrian Line. It was stated yesterday that there was unfair competition because the German Lines carried goods on through Bills of Lading. That means that the railway carriage is taken into consideration in the freight.

1562. We have had that in evidence in London over and over again, that goods from the interior of Germany are brought at a freight that carries them through—it would be a reduced rate on the railways?—That is quite natural, because the manufacturer in Germany is so much further away from the sea than in England, but then this railway rate is quite independent of the freight rate.

I do not think we can go into that question. We have taken a good deal of evidence on that point.

1563. (*Sir John Macdonell.*) You have no practical experience of that kind?—I have been told that no through Bills of Lading are issued any more.

Colonel RHYS HOWELL PRICE, C.M.G., recalled and further examined.

Colonel R. H. Price, C.M.G.

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1564. (*Chairman.*) You have a statement there about the cost of importing American ploughs?—Yes, and in putting in the statement there is a short explanation I would like to make. In putting in the statement with regard to American ploughs, I have taken an actual shipment in a specific ship of 204 ploughs costing approximately £2 each in America. I find that in working out the freight accurately the difference in favour of America on freight as compared with London is about 1½*d.* per plough, but this is more than nullified by the 3 per cent. advantage to England in Customs duty, so that America gets an advantage of say 2*d.* a plough but is penalised in duty to the extent of 10*d.*; so that the English plough manufacturer has an advantage in this country of about 8*d.* per plough on a plough costing approximately £2. The position is similar with regard to the more expensive plough: the advantage in favour of America on freight is 8½*d.* per plough, which is not retained owing to the 3 per cent. preferential duty, so that a plough from England gets an approximate advantage of about 2*s.* 3*d.* a plough. These figures are based on the American style of packing. Americans are past-masters in the art of packing and getting as much as possible into 40 cubic feet, so this to a certain extent is an *ex parte* statement of the American plough. If the matter is to be gone into it should be supplemented by a similar statement prepared on the measurement of English ploughs. (*See Appendix XV.* (*b*).)

1565. Are these ploughs imported in parts?—The loose parts are put together in cases and packed as tightly as possible by the Americans; they are put together here.

1566. You think there is an economy in the American packing that enables them to get more ploughs into 40 cubic feet?—I say it is possible: the question should be gone into. All I know is that the American ploughs are very well packed.

1567. Your point is that as regards freight, taking freight and the preferential duty into consideration, the English plough has a little the advantage of it?—Yes, it is cheaper to import an English plough.

Lieut.-Colonel HELIER BROHIER CUMING, C.B., V.D., examined.

Lieut.-Colonel H. B. Cuming, C.B., V.D.

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1568. (*Chairman.*) What firm do you represent?—I am a Managing Director of Messrs. Howard Farrar, Robinson & Co., Ltd.

1569. Is that a firm here only?—No; we have branches at Port Elizabeth and here.

1570. What is your business?—Mainly with machinery and implements of British manufacture.

1571. I understand you want to give evidence shewing that the British manufactures of this description are quite as well adapted to the needs of the country as American?—Yes.

1572. The first instance you give is barbed wire?—Yes. In 1904 we were very large importers of English wire of all descriptions, and in barbed wire alone we imported 6,314 reels. The freight on that was 1*s.* 6½*d.* on each reel.

1573. That, of course, was imported from England?—At 30*s.* a ton plus 10 per cent.

1574. It would be by measurement?—No, by the tonnage—weight. At the same period American wire was being imported at from 6*d.* to 1*s.* a reel freight; so that, of course, we were at once driven out of the market. We absolutely could not compete in any possible way.

1575. Was that by the instrumentality of the big Trusts in America?—Not only the question of the Trusts, but the great reduction in the freights from America as compared to the English rates of freight. I am speaking of 1904 because that was when we had to cease importing on a large scale. Of course, it is a well-known fact that British fencing is far superior to the American: the American rusts very rapidly out in this country.

1576. Were these freight charges 6*d.* to 1*s.* per reel?—Yes.

1577. Does that go on now?—I see the last shipment of wire we got was last month. We had to pay 27*s.* 6*d.* a ton: it is a similar rate from America.

1578. (*Sir John Macdonell.*) How much does that work out a reel?—1*s.* 4½*d.* per reel English, and 1*s.* 3*d.* American.

1579. (*Chairman.*) So that the American rate is not quite the same?—It would not be the same. The rate in 1904 worked out at about 17 per cent. of the value, and now, owing to the increase in value of barbed wire, it works out at about 12 per cent.

1580. Did you say the rate from America was nearly the same as from England?—I believe it is at the moment: it is only quite recently that it has been altered to 27*s.* 6*d.* This however is not subject to 10 per cent. primage.

1581. Is the American wire cheaper than the English wire?—Slightly—about 10*s.* per ton.

1582. You say that it is inferior?—Very much inferior: it rusts very rapidly.

1583. It is not galvanised?—Yes, but it rusts. I am quite prepared to give you privately the reason why it does rust.

1584. So that the demand for the English wire goes on?—We can always get from about 3*d.* to 6*d.* a roll more on account of that, but when it came to 1*s.*, it was an impossibility to compete. You mentioned about barbed wire. I happen to have a list of the D. A. D. G. Company, giving the classification of the English shipments and also the shipments to Australia. I notice that barbed wire is 20*s.* 9*d.* to Australia from Hamburg or Antwerp. Of course, I am trying to prove the injustice that the British wire is suffering under. It pays 27*s.* 6*d.* here.

1585. From Hamburg or from London?—Yes, 20*s.* 9*d.* from Hamburg or Antwerp to Australia: in fact, when that rate was in vogue, the rate here was 30*s.* from England.

1586. Is that on account of there being return cargoes? That I am not in a position to go into.

1587. You only mention the fact that there is a considerable difference in favour of Australia in the rate on barbed wire?—Yes.

1588. As regards these agricultural implements?—I noticed, in reading the evidence that took place at Port Elizabeth, that a Mr. J. C. Martin stated, regarding goods from Great Britain, that agricultural implements and articles of machinery were not so adaptable to the circumstances of agriculture in this country. As a very large importer of British implements and machinery, I say that is a monstrous libel.

1589. You have no figures of the relative imports of those classes of goods from the United Kingdom and the United States, have you? You deal in English goods, and naturally you say your good are better?—I am in a position to say in what way we are better and in what way the American is: I am prepared to go into that. On the question of ploughs, of course, as you are aware, the plough largely imported into this country is the "75" plough. I notice also in Port Elizabeth that Mr. Kayser stated that this plough could not be made for double the price. We import an English plough made on a similar pattern, and we pay in England 23*s.* for it; five dollars would be 20*s.* 10*d.* The freight from England amounts to 4*s.* 4*d.*, and the freight from America 3*s.* 7*d.*, so that there is a difference of 9*d.* in the freight. That would be 2*s.* 11*d.* difference in all—the American one would be 2*s.* 11*d.* cheaper. Our experience, as importers of that English-made implement, is that it is a superior-made plough to the American. The castings are better made, and the wood is mostly English oak: the beams are made out of English oak.

1590. Of course, you are aware that so many things are made in England of wood imported from America?—Of course there is a large amount of wood imported from America, but the English oak is used in connection more especially with the better class of that plough.

1591. Would that be the case with this cheap plough?—Yes, the 23*s.* one.

1592. The difference in freight is not the only cause of the American one being cheaper?—No. There is no doubt that, owing to these large Trusts, the Americans are able to turn out a cheaper article and inferior to the English.

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1593. I do not know whether you have followed the prices in America, but I suppose the man who wants a plough in the west of the United States would pay considerably more?—I know pretty roughly the cost of the American ploughs that are largely imported into this country. We know within a few shillings what they would cost here and what they would cost there.

1594. Is not the export price less than the price in the country?—Yes, it is.

1595. So that that would help the American plough to be cheaper than the English one?—I do not dispute that the American plough is not cheaper, I know it is cheaper. It is a lighter and more flimsy implement than the English one.

1596. Your point is that the English one is better, so that you can still do a considerable trade in them?—Of course, of late years we have been fighting the Americans very hard for the implement trade, and not only have Howard's, of Bedford, been sending out experts but firms like Ransome's, of Ipswich. At some of the most important ploughing trials held here of late these British ploughs have beaten the American on every occasion, and there is no doubt that the British manufacturer is beginning to realise that he has got to adapt his implements to this country, and he is doing it. Only yesterday I received a letter from a man with whom we have never done business before, in which he mentions a well-known American plough and asks us to send him certain English ploughs because he says a (I will not mention the name) two-furrow will not go through one season. Those are letters we get very often about American implements.

1597. Did you hear the additional evidence given by Col. Price about the cost of the ploughs, the £2 plough?—His figures did not agree in the least with mine as regards freight. Of course, he has taken in the preference. In my figures I have merely taken the rates of freight from England and from America.

1598. You recognise that the 3 per cent. preference does make a considerable difference?—Then again the American ploughs are at least 10 per cent. cheaper there than what we have to pay in England for a similar implement owing to the better workmanship and better material put in the British manufactured goods.

1599. You do not know anything about the packing of the American ploughs, whether there is that great advantage which was spoken about?—The question of packing is one that the British manufacturer has also improved very much in of late years. Another thing I would like to point out is that, of course, the Americans have a way of getting up the implement in a very smart way, which seems to take. Our experience of American implements is that at trials, owing to their light draft, they do very good work, and it does take us all our time to compete against them, but there is no doubt that they have no life in them ; after a couple of seasons they are worn out.

1600. I should be glad to hear you further, but, of course, the subject we are here for is rather different?—The statements have been made that they are not adaptable to the country and I want to prove that they are.

1601. My colleague and I have been glad to give you the opportunity of contradicting those statements?—Then I may say we are large importers of British dynamite, and the freight to Port Elizabeth is £6 a ton. We have been recently confronted with the Conference Lines giving a similar rate to Delagoa Bay. I am pointing that out to prove that if they can take a dangerous article like dynamite for the same rate from England to Port Elizabeth as on to Delagoa Bay, I say, of course, they are doing the merchants in this country an injustice by making us pay a higher rate to East London than to Port Elizabeth and Durban.

1602. How does that compare with the railway rate?—That is where the danger comes in. Owing to the sea-freight rate being the same to Delagoa Bay, we nearly lost that trade from Port Elizabeth owing to the railway rate being £1 cheaper from Delagoa Bay to Johannesburg, and now we have had to make very serious concessions to retain that trade.

1603. Do you mean to say now that you pay the same shipping rate—£6—as they pay at Delagoa Bay, and that the dynamite through here will cost £1 more?—I am talking of Port Elizabeth.

1604. The railway rate has not been altered to meet this alteration?—No.

1605. When did this take place?—Early this year.

1606. Did you try to get your own rate lowered by the Union-Castle Line as the Delagoa Bay rate was lowered to £6?—We took great exception to the same rate applying to Delagoa Bay.

1607. Would not your point have been that if dynamite could be carried to Delagoa Bay for £6, it could be carried here cheaper?—That is the argument we are using.

1608. Dynamite does not come through the Canal much?—I should not think they would take it through the Canal. I have no knowledge on that point.

1609. The point you urge is that you want to have a cheaper rate?—The point I want to make is, that if they can charge a similar rate from England to Port Elizabeth and Delagoa Bay, then the same thing ought to apply to general merchandise, that these ports like East London should be put on an equal footing as Port Elizabeth or Cape Town. We have to pay 7*s.* 6*d.* a ton more on cargo to East London.

1610. Is there anything in the question of the harbour and port dues and so on in that? Is not Port Elizabeth a free port?—That is the argument they do use, that in East London they have to pay certain port dues. Every ship does expect to pay port dues wherever it goes.

1611. You recognise that there must be a difference in rates to a certain extent on account of the port dues?—Yes. At all events, we consider we are under a great injustice here. I may tell you I am in favour of making rebates illegal, and I thoroughly agree with the evidence given by Mr. Nesbit. The only question my firm has had in the matter of freights is this :—the rate from East London to Durban on goods is 15*s.*, whereas upon many goods coming from Durban you have to pay 22*s.* 6*d.* Some four years ago we opened a branch at Durban, and we could have got outside freight at 7*s.* 6*d.*, but we had to pay this 15*s.* a ton to send goods round there because we were bound by the rebates.

1612. Did you try to get the cheaper rate, or an equal rate for the returns?—We knew it was an impossibility ; we were told we would forfeit our rebates if we attempted anything of the sort.

1613. (*Sir John Macdonell.*) Are there the same facilities for landing dynamite at East London as exist at Delagoa Bay?—I think there is very little dynamite trade done through East London : I am talking of my Port Elizabeth house. There we have a Bay, and I believe the facilities at Port Elizabeth are, if anything, better than Delagoa Bay because at Delagoa Bay they have to discharge the dynamite into a hulk which is kept in the Bay.

1614. Do you know whether the rate of insurance on a consignment of dynamite to Port Elizabeth would be the same, or almost the same, as on a consignment to Delagoa Bay?—I believe the local charges at Delagoa Bay are slightly in excess of the Port Elizabeth ones, but I have not got the figures before me.

1615. What about the rates of insurance on a consignment of dynamite to these two ports—would they be the same?—On the outward voyage they would be the same. I am only talking about when it is stored at Delagoa Bay and at Port Elizabeth.

1616. I do not want to ask you any question about English goods. I am glad you have given them such a high character. Is there any difference between the trade from East London to Durban and from Durban to East London? Is the volume of trade from East London to Durban greater than from Durban to East London?—No, I should say the trade was greater from Durban to East London.

(*Chairman.*) We have now concluded all the evidence tendered to us at East London, and I am glad to say we shall have a good deal that is interesting and valuable to report. This concludes the sitting. When we began yesterday I said a word of thanks to His Worship the Mayor for giving us this excellent room for having our meeting in. I would like to repeat that. We have found by experience that it is a very pleasant room to sit in and we have had every advantage in this convenient table, that has been placed at our disposal. I wish to thank the Mayor and the Council very heartily for their kindness.

SIXTH DAY.

Conference Room, Railway Offices,
Durban,
Monday, September 16th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B

Mr. J. A. WEBSTER (*Secretary*).

Chairman. In commencing the proceedings I should like first to express the pleasure my colleague and I feel in finding ourselves in this beautiful Colony, and at the important town of Durban. You are probably aware that the Conference in London between the Shipowners and the Premiers of the Colonies was a chief cause of the appointment of the Royal Commission, of which we are a Sub-Commission come out to take evidence in South Africa and we have only a very short time to do our work. Almost every hour has been mapped out so that we have only a little more than three days here and we have a great many witnesses, consequently I am afraid we shall have to take the evidence somewhat shortly. Where a good brief has been sent in, I propose we shall go through the brief and read it all, but it will all be printed in full in the evidence and my colleague and I will ask such questions as we think necessary to bring out points that are somewhat doubtful and in that way we shall save a good deal of time as compared with reading every word in some of these briefs that are rather long. I am sorry that Mr. Birchenough, our third Commissioner, has not yet arrived from Rhodesia. I do not know that he will come in time for the sittings here, but he will join us later on. I will now ask Mr. Henry Heathcote Clarke to be so good as to give evidence before us.

Mr. HENRY HEATHCOTE CLARKE, examined.

(*The witness handed in the following statement.*)

SUMMARY OF HENRY HEATHCOTE CLARKE'S PROPOSED EVIDENCE.

I have had 30 years' experience in the South African trade, 23 years in London and seven years in South Africa, chiefly in Durban.

I was a partner in the firm of A. E. Booth & Co., South African merchants, of London, Port Elizabeth and Durban, until they were compelled to assign their estate in London after losing £60,000 of their capital as a result of the serious trade depression in South Africa. As resident partner in Natal I was liable as the nominee of the firm on certain bonds, and had to surrender my private estate to protect my creditors. I am reluctant to give evidence under the circumstances, but have decided that it is my duty to do so. I am, therefore, giving evidence as a Natal Colonist only.

I was Chairman of the South African Mercantile Association in London. The Association took the leading part in the agitation against the Ring in England, chiefly in the years 1897 and 1898.

I gave evidence before the House of Commons Select Committee on Merchandise Marks Act in 1897 and exposed the operations of the South African Ring and emphasised the grievances of British traders resulting therefrom. I confirm all the statements I made before the Select Committee. My evidence has been reprinted in a South African Blue-book, as well as the letter, challenging some of my statements, addressed by Sir Donald Currie to the Chairman of the Select Committee. But my reply, addressed to the Chairman and which fully justified my evidence as quite accurate, was not included in the Blue-book. My evidence is therefore prejudiced thereby.

I am not hostile to British shipowners, but strongly object to all Shipping Ring methods. As a class, I have always regarded British shipowners as the patriotic pioneers of British commerce throughout the world. I would support legislation favourable to their interests in a free and open freight market. The supremacy of the British mercantile marine must be maintained at all costs.

Mr. H. H. Clarke.
16 *Sept.* 1907.

I will briefly indicate my answers to the questions prepared by the Commissioners for the guidance of intending witnesses, taking them seriatim.

Question 1.

Answer.—The rebates are claimed in the terms of the outward and inward freight circulars issued by the Ring. The South African merchant or shipper signs the claims for homeward rebate and the London merchant or shipper the claims for the outward rebate. The claim forms are supplied by the Ring in both cases.

Question 2.

Answer.—The merchant or shipper, in the absence of definite agreement to the contrary, does get the benefit of the rebate on consignments to and from South Africa. It was not generally the case before the anti-Ring agitation was taken up by the South African Mercantile Association in London. Some merchants retained the rebate and insisted that they were entitled to do so. It had operated as a sort of secret commission as many consignees in South Africa did not know of its existence.

Question 3.

Answer.—Rebates have been forfeited by those merchants or shippers who have violated the terms of the Ring circulars by shipping in steamers put on by shipowners outside the Ring.

Question 4.

Answer.—(*a*) I object to the Rings or Conferences as combinations in restraint of trade and against public policy. My specific objections are briefly stated below.

Mr. H. H. Clarke.

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(*b*) The system of deferred rebates is the instrument of coercion or intimidation by means of which the Rings are constituted. I do not admit that the Rings secure any advantages that could not be as well, or better, attained in a free and open market. There are, in my opinion, therefore, no advantages whatever to outweigh the countless objections to the system of rebate Rings.

My specific objections are as follows:—

1. They restrain shipowners, outside the rings, in their trade; the Rings nurse foreign shipowners inside their Rings to the serious injury of independent British shipowners who are restrained in their trade and not able to compete against the foreign shipping companies. I made this charge against Ring shipowners in my letter published in *The Times*, London, in their issue of the 25th December, 1897. No shipowner challenged or attempted to controvert my statement.

2. There are grave State reasons, Imperial and Colonial, for objecting to the operations of the Rings, namely:—

(*a*) They deprive the Imperial and Colonial Governments of a free and open freight market in which to negociate their freight contracts for Government stores and material. This means that they must frequently pay higher rates than would be obtainable in an open market.

(*b*) The Governments have no free and open freight market in which to fix up their mail contracts. The present Ring contractors practically control the sea-borne traffic along the South African ocean mail route. The market, therefore, is virtually closed to outside Steamship contractors. When the Cape Colony invited tenders for the current contract in 1898 or 1899, no steamship company tendered. They could not possibly do so on equal terms with the present contractors. A Mr. Van Laun tendered on behalf of a syndicate, who would have had to build their steamers. The tender was not accepted for financial or other reasons. It is obvious that under these conditions the mail contractors of the Ring are in a favourable position to enforce their own terms.

(*c*) The Governments of the Cape Colony and Natal have been seriously affected in their railway revenues, owing to the diversion of Transvaal tonnage to the foreign port of Delagoa Bay as a result of the arbitrary freight rates differentiations, as between the ports, insisted upon by the Ring to the advantage of that foreign port. In a free and open freight market the British ports could have secured lower rates in comparison with the foreign port and by that means have retained tonnage that would have earned railway revenue amounting to hundreds of thousands of pounds sterling.

The through rates of the German State Railways under Ring protection have diverted goods from British ports to Delagoa Bay, and helped to develop that port at the expense of the British ports. In a free and open market no railway conference could have fixed railway rates, permanently, on a basis of sea-freight rates differentiation, as between the ports. The *modus vivendi* would, therefore, have been practically, to a large extent, inoperative, as would the Delagoa Bay preferences before the war.

(*d*) Improved port facilities, as in the case of Durban, which would have meant lower freight rates in a free and open market, have only brought partial advantages to the Natal Government in return for their heavy expenditure on the harbour, because the Ring, until quite recently, refused to make any concession in their rates in spite of the saving to themselves in reduced landing charges.

(*e*) As the Ring system has enabled foreigners to obtain lower rates at their ports for their merchandise in competition with British merchandise, the Colonial Customs preference granted by the South African Colonies to the Mother Country has been largely minimized or utterly destroyed.

(*f*) Lord Selborne's reference to the dangers that might develop under the present Ring system should be a matter for great consideration by the Commissioners. (Quotation to be made.)

(*g*) A danger from an Imperial point of view is, that it would be quite possible for a foreign syndicate to buy up the Ring interests and effectively dominate a British ocean trade route for their own benefit to the grievous injury of British interests generally. Mr. Pierpont Morgan's action in the American trade should be a warning to the British and Colonial Governments in this matter.

(*h*) This Ring question vitally affects British consumers and producers, Imperial and Colonial—the merchant as a middleman is not so seriously affected. Many of them prefer fixed rates and Ring control, which, of course, mean higher prices to consumers and less profits to producers.

3. The Ring system has maintained, artificially, high rates of freight at British ports and has enabled foreigners, notably Germans and Americans, to get lower freights through foreign ports to the great prejudice of British manufacturers. This is specifically dealt with in answer to Question 6.

Question 5.

Answer.—Deferred rebates have operated to divert trade from British to foreign traders. The German through rates have stimulated the foreign trade and these and the low rates from the United States of America have placed the British traders at a serious disadvantage. These preferences have increased foreign trade at the expense of British.

Question 6.

Answer.—The rates of freight to and from the United Kingdom in the South African trade are excessive.

In a free and open market they would be, at least, from 10 per cent. to 15 per cent lower. I was approached, as Chairman of the South African Mercantile Association, by shipowners, in 1898, who were willing to put on steamers then and charge rates 10 per cent. under the Ring rates. If the Ring rates were reduced these shipowners would have reduced theirs to maintain the 10 per cent. advantage.

The rates charged by the Ring from the United States of America in 1895 shewed that they could run steamers over a longer sea-route at rates one-third below their United Kingdom tariff for a shorter sea-route.

The Ring exists to keep up freights; if they do not effect this they have failed in their purpose.

South Africa, in the last 10 years, must have paid some three millions in freight that would have been saved to the country in a free and open market. And, in addition, the Cape Colony and Natal have, over the same period lost about a million sterling in railway revenue, as their share of the through traffic, taking that share at an average of £2 10*s.* per ton. This loss in railway revenue would not have occurred in a free freight market. A syndicate had offered to put on steamers at a reduction of something like thirty-three and a third per cent. under the Ring rates.

Low freight rates have been obtainable in the United States of America over long periods. The rebate system was never effective in the American trade, even before the anti-rebate legislation was passed.

Low sea-freight rates have been obtainable under cover of the German through rates from inland towns of Germany.

Homeward freight rates would be lower in a free and open freight market. Compare Australian rates for twice the distance, and they are higher than they would be but for the Australian Ring.

Question 7.

Answer.—Preferences in rates have been granted to private firms, and public bodies and Governments, as detailed in the Colonial Blue books. I have no personal knowledge of these facts apart from this information.

Question 8.

Answer.—In my opinion it would not be practicable for merchants to charter tonnage in the open market, even if a considerable number of them were to combine for that specific purpose.

Their forfeited rebates would enable the Ring to undercut their charter rates without any loss to the Ring.

They would be boycotted in their trade by the Ring and prohibitive rates would be quoted to shut them out from the mail steamer service which it would be necessary for them to use to a certain extent.

The risks would not justify such a policy against the Ring, and as a combination it would probably operate like the Ring in restraint of trade.

Question 9.

Answer.—If the operations of the Rings are lawful as carried on to-day, I would suggest Imperial legislation to make them illegal, as indictable conspiracies in restraint of trade, and against public policy, and inflict severe punishment for any breach of the law.

Shipowners should be subject by statute to all the liabilities of, and restrictions applied to, common carriers, (perils of the sea, of course, excepted).

All rebates and preferences of all kinds would thereby be forbidden under heavy penalties.

Unless the Imperial Government are prepared to legislate on these or similar drastic lines, I am afraid all other remedies would fail in their application.

Durban, 26th August, 1907.

1617. (*Chairman.*) You have sent in a very complete summary, and, as I said just now we are so pressed that I do not propose that you should go verbally through all these points. I may say that the questions and answers have all been read by the Commission and we shall read them again and they will all be carefully considered and printed. I will shortly ask you certain things?—May I interpose for one moment? The course which you propose to take is one which will place me in extreme difficulty. You will see from the statement I have handed in that I have very considerable ground to cover, and I have had considerable trouble in arranging my facts. I was going to appeal to you to allow me to give my evidence in the order of my summary. I have arranged very carefully all my facts in the same sequence that I might be able to save as much trouble as possible. If you propose to take that course, which seems to me rather unusual, it will disorganise the whole of my system and it will be almost impossible for me to put the facts before the Commission as they should be put. I do really appeal to you to re-consider that decision of yours in the interests of truth, so that the evidence may be fully brought out. I have given you a summary of my evidence. I have the whole of the facts arranged in the same sequence and I shall be able to deal with every specific point, but if you are at liberty to take this summary and ask me any catch questions you may think necessary, I shall be unable to deal with the matter properly. I appeal to you to allow me to give my evidence in the order of my summary.

1618. I am afraid we cannot altogether comply. We have read your evidence and it does not seem to me that there are any very recent facts. All that is in the Blue-books has all been before us in London; what we have come out here for is to hear the personal and recent experience of people on the spot, who are mainly in that business?—I quite understand that but I take it that it is the wish of the Royal Commissioners to ascertain the facts. The facts as you say are recorded in the Blue-books, but if a witness is enabled to throw any new light on those facts, surely he is entitled to do so.

1619. I think you must let the Royal Commission decide how they will conduct the proceedings. We have a great number of witnesses to take and I think we must proceed in our own way?—As you know, I have taken considerable interest in these questions and I only ask for a certain amount of fair play. I am sorry to say that in the past I have not quite had it, and I only appeal to the Commissioners to give me fair play. If they do not give me fair play, I shall go to England and appeal to the Commissioners there to do so.

1620. Certainly; you must take your own course. You say in your first paragraph that you have had 30 years experience; then that you are a partner in a certain firm. When did they assign their estate in London?—Last year, in 1906.

1621. You were in business until that time?—Yes.

1622. You were chairman of the South African Mercantile Association?—I should like to point out that my present financial difficulty is due to misfortunes beyond my own control. I wish to make that clear.

1623. Surely this is a Royal Commission on a public question?—I do not wish to sail under false colours.

Sir John Macdonell. It is quite unnecessary to make that explanation.

1624. (*Chairman.*) What I wanted from you was this: you were chairman of the South African Mercantile Association in London?—I was.

1625. That is not connected with the London Merchants' Association, is it?—No; we were the opponents of the London Merchants' Association.

1626. I remember you gave evidence in London before the House of Commons Select Committee and your evidence was reprinted in the South African Blue-book. Why was this letter in reply to Sir Donald Currie's not printed?—The explanation is this. I gave evidence before the Select Committee on the 31st May. The evidence was finished on the 5th July. Then the Committee proceeded to consider their Report, and on the 12th July, Sir Donald Currie wrote a letter from his yacht contradicting some of the most important statements I had made in my evidence. When I saw that letter in the press for the first time, I at once wrote to Sir James Ferguson pointing out the many bad blunders made by Sir Donald Currie. Before I had finished my letter I found that the Blue-book had been printed before giving me any opportunity of dealing with this letter. Sir James Ferguson wrote to me and explained the matter and said that a letter of that kind, taken in that way, would not of course have the force of oral evidence. That was satisfactory as far as it went, but you will see how my position has been prejudiced. This letter was admitted by the Select Committee and printed in their Blue-book: the Blue-book out here records my evidence and the letter of Sir Donald Currie but no letter of mine was published. In consequence of that most important and vital facts were contradicted by Sir Donald Currie and he made absolute statements contrary to fact.

1627. You wanted to have the last word, and he got it?—I take it that if you give evidence before a Commission or Select Committee, and your evidence is directly challenged, you should have an opportunity of justifying your evidence. I think that is British fair play; at least, I hope so. So I appeal to you now, that if, as a Colonial witness, I give evidence before you, and any of my statements are directly challenged by any witness here or Sir Donald Currie writes any letter challenging any statement I make, that I may at least have this courtesy shown that I may have an opportunity of dealing with these specific contradictions.

1628. You shall have every opportunity if any contradiction is made. I am sure you will be fairly treated, but you see this is a public enquiry and we have no time to go into private grievances?—Pardon me, it is no personal issue that I am raising; it is a question of fact, and as Commissioners you have to deal with questions of fact.

1629. We know our reference, thank you. You say you strongly object to all Shipping Ring methods. Do you object to all Rings in other trades and businesses?—I object to Shipping Ring methods throughout the world.

1630. Do you object to Rings generally and trusts and combinations?—I do.

1631. On Questions 1 and 2, about the procedure in claiming rebates, we have had a great deal of evidence and I think we are quite fully instructed. Question 3 is the one I want to ask you about?—Surely you will allow me to express my opinions on these questions.

1632. I do not think it is necessary: we have enough evidence on that, and we know your views?—I understand. In coming to South Africa you are not anxious to ascertain the opinions of all the witnesses who are prepared to come before you.

1633. (*Sir John Macdonell.*) Mr. Clarke, you must not say so. So far as my colleague and I are concerned, that is not our intention?—I have been invited to give evidence here. I have prepared a summary and have submitted that summary to you. I have my facts to put before you, and now I understand you think it is unnecessary to record those facts.

1634. (*Chairman.*) We must be the judges as to what particular facts we shall ask you to illustrate further than in these answers?—Of course, I am in your hands.

1635. On Question 3 you say "Rebates have been for-"feited by those merchants or shippers who have violated "the terms of the Ring circulars by shipping in steamers "put on by shipowners outside the Ring." Can you give me any instance of that being the case?—Not within my personal knowledge. Of course, men like Mr. Jagger and others who have supported the Houston competition would naturally forfeit their rebates, as they should do.

1635a. There have been a few instances, I believe, and I thought you might be able to give us some?—No, I should not like to go into that matter, as that concerns other people.

1636. You understand rebates have been forfeited?—I understand that. As a matter of fact, the circular very definitely says that if you ship in any steamer outside the Ring and break the rules you lose your rebate, so that if these men break the terms of the circular, they naturally lose their rebates as a matter of course.

1637. Sometimes there are threats which are not carried out?—That is so, but I think you will find they forfeited their rebates.

1638. Then you give reasons why you object to these Conferences. In your specific objections, as to 2 (a), you say "They deprive the Imperial and Colonial "Governments of a free and open freight market in "which to negotiate their freight contracts for Govern-"ment stores and material. This means that they must

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" frequently pay higher rates than would be obtainable in " an open market "?—May I not refer to the question of the shipowners themselves? Have you had evidence as to the action—or rather, the effect—of these Rings upon shipowners outside the Rings? In section 1 of my answer to Question 4, I say, "They restrain shipowners, " outside the Rings, in their trade." Cannot you take any evidence on that point?

1639. You mean that those shipowners who are outside the Rings cannot take part in the trade?—"They restrain " shipowners, outside the Rings, in their trade; the Rings " nurse foreign shipowners inside their Rings to the " serious injury of independent British shipowners, who " are restrained in their trade and not able to compete " against the foreign shipping companies. I made this " charge against Ring shipowners in my letter published " in 'The Times,' London, in their issue of the 25th " December, 1897. No shipowner challenged or attempted " to controvert my statement." I thought it might be material to this inquiry to read an extract from my letter.

1640. (*Sir John Macdonell.*) "The Times" is accessible to us all in London?—Very well, sir.

1641. (*Chairman.*) If you will kindly turn to 2 (a)— " This means that they must frequently pay higher rates " than would be obtainable in an open market." Have you any instances of that or evidence on that point? Do Do you know this of your experience or do you understand it?—I understand it from the actual facts that have been published in the Blue-books. Messrs. Houston quoted very low rates to municipalities and others, which were accepted, and they were much lower than the freights paid by those bodies before.

1642. Were not those exceptional rates: were not they fighting rates?—Fighting rates to this extent, that the Houston opposition was naturally anxious to get into the trade and prepared to quote low rates, but I do not think Mr. Houston was a man to quote rates that would not pay him. I should say that those rates, which probably on the whole amount to 33 and a third per cent. below the Ring rates, pay him fairly well: I do not think he would lose very much over it.

1643. You base that statement mainly on the Houston rates?—And also on other conditions applying. For instance, Sir Donald Currie himself mentioned the fact in a letter addressed to Mr. Joseph Chamberlain—" The " rates of freight have been largely reduced on account " of opposition. This is so, and it must always be the " case when opposition occurs, but in my experience the " period of opposition has either ended in favour of those " who protected their interests or in an arrangement " which nullified the advantages claimed by those who " encourage opposition." I quite agree with Sir Donald Currie that when you have a Shipping Ring these conditions would apply, but when you have a free and open market they would not. As another instance connected with this matter, I will mention a difficulty that the Prime Minister of Natal had when he went to London to enter into negotiations in connection with these freight matters in the interests of Durban. He saw Sir Donald Currie and fixed up new arrangements, which I think——

1644. What time are you referring to?—Recently, when Mr. Moor visited England. When there he met Sir Donald Currie and, quite properly, discussed this very important freights question with Sir Donald Currie, and he made fresh arrangements. He agreed to pay a subsidy for the mail steamers coming here of £16,500: he agreed to give the Government contract for stores and material for another two years and to pay an extra 1*s.* 6*d.* a ton on rails. Sir Donald Currie gave certain concessions —10*s.* on mealies and certain other facilities. If the Prime Minister had been able to enter into this arrangement with Sir Donald Currie on a basis of equality, I am quite sure from what I know of Mr. Moor that he would have been able to make very much better terms. I should like to emphasise this point, that in England nothing whatever was said at the time while these negotiations were going on with the Prime Minister about this rebate question. He entered into this contract on the basis of the freights being reduced 2*s.* 6*d.* a ton. Nothing was said about the rebate. After he had left the rebate was reduced. Now, under these circumstances I certainly think the Natal Government would be justified in repudiating the arrangements made with Sir Donald Currie. That 2*s.* 6*d.* was granted in favour of Natal, and the result is the rebate was reduced afterwards and the great benefits are really largely taken away. It is a most unsatisfactory arrangement. The Prime Minister, in the House of Assembly on the 26th June, said the question of the rebate and the primage was one which he did not discuss, and was one that had been settled by the shipping people since he had left England. There you have the Prime Minister negotiating with Sir Donald Currie in good faith, and when he arrives back in Natal he finds they have reduced the rebate by 5 per cent., which has largely taken away the benefits of the 2*s.* 6*d.* conceded.

1645. We will pass to (c), on the next page. You say " The Governments of the Cape Colony and Natal have " been seriously affected in their railway revenues, owing " to the diversion of Transvaal tonnage to the foreign " port of Delagoa Bay as a result of the arbitrary freight " rates, differentiations, as between the ports——?"—Will you allow me to refer to the question of the mail contract?

1646. We shall never get on. What you are giving us is surely very second-hand: you were not present at these negotiations?—No, but I take it we are entitled to criticise the results of the these negotiations, are we not, and to offer evidence on this point?

1647. It is not evidence: it is your opinion?—That is what I am here for—to give my opinion on the facts.

1648. (*Sir John Macdonell.*) Do not suppose that we are in any way lightly regarding your opinions, but as far as I am concerned I should like to have evidence based upon facts?—Yes, sir.

1649. (*Chairman.*) I was going to ask you about this question you read in (c). You say "In a free and open " freight market the British ports could have secured " lower rates in comparison with the foreign port, and by " that means have retained tonnage that would have " earned railway revenue amounting to hundreds of " thousands of pounds sterling." That is a question between port and port, I suppose? Delagoa Bay pays more than the Cape ports?—Delagoa Bay at present pays 2*s.* 6*d.* a ton more. I should like, in reply to your question, to read what I have written. I think it is very important that it should be correctly recorded. In a free and open market freight rates to the British ports would be lower in comparison with those to the foreign port of Delagoa Bay than they are to-day. The general cargo offering for the British ports compared with Delagoa Bay would be of much greater volume, and of a much more favourable character as regards measurement. This would enable regular lines of steamers in a free and open market to quote a more advantageous differentiation of rates as regards the British ports than that which holds to-day. The differentiation as between Durban and Delagoa Bay is only 2*s.* 6*d.* per ton. In a free and open market it would be from 5*s.* to 7*s.* 6*d.*, or more.

1650. What is your ground for that?—My ground for that is, as I explained, that if you have a free and open market, lines of steamers could run to the British ports and quote a better differentiation of rates as between ports than to-day.

1651. Why 5*s.* to 7*s.* 6*d.*? That is your estimate of the differentiation there would be?—I suggest that would be the difference.

1652. You estimate that?—I can give you facts if you will allow me to pass on. I have before me an actual tariff of the Union Steamship Company of 1892, and the differentiation in 1892—I take it we are examining what the effects of these Rings have been in the past—the rate quoted for Delagoa Bay in 1892 was 7*s.* 6*d.* per ton, including lighterage, in excess of the Natal rate for the same year. I do not go as far as the 7*s.* 6*d.* I am a more moderate man. I say the difference may be 5*s.* But taking charters in the open market, you would probably have to pay at least 5*s.* more to Delagoa Bay than to, say, Cape Town or Port Elizabeth. Then I say a tariff and classification could be framed that would enable a low dead-weight rate to be quoted. You object to my quoting, I understand, but Mr. Byron is here, and he made a statement at the London Conference——

1653. I do not think we had better go into these quotations?—This has a very important bearing on the question.

1654. (*Sir John Macdonell.*) We are so desirous to obtain your evidence that——?—This has a direct bearing on the facts. It affects the railway revenue very considerably. Mr. Byron made a statement at the London Conference; he explained that a gentleman in London was anxious to get from him a low rate for some machinery — 2,000 tons — and very properly Messrs. Rennie & Co. declined to grant a lower rate than the

third class rate. Then he said "I will go into the open "market, and I will charter." He went into the open market and chartered, and then he found that he wanted cargo to fill the boat, and he went all round and was apparently not very successful, but he said, supposing he had got 500 tons of galvanised iron at 10*s.* a ton, look what the influence of that would have been upon the merchants here paying Conference rates, which would be 25*s.* per ton. That has a direct application here, because it shews that Mr. Byron, a member of the Shipping Ring, admits that in a free and open market at times, at any rate, a rate of 10*s.* a ton for iron could be quoted, or 15*s.* under the tariff.

1655. (*Chairman.*) We have had instances of very low rates being quoted?—With that 15*s.* a ton reduction, that would mean that the preference under the modus vivendi of 13*s.* 4*d* would be entirely swept away, so that these goods, which would in the ordinary way go through Delagoa Bay as the cheaper port, would pass through Durban with a saving to the Johannesburg merchants of about £64, and a saving of nearly £1,300 to the Natal Government Railways. I have that statement prepared, which I can hand into you.

1656. That is based on certain low rates under peculiar circumstances?—This is the statement I have prepared—a statement shewing that a low sea freight rate of 10*s.* a ton would destroy the modus vivendi preference.

1657. It would do a great many things?—Exactly. Here is the specification proving that, and it supports the evidence which I am submitting, that this *is* a very vital matter to the Natal Government, that in a free and open market the classification could be arranged, and freights so graduated that the modus vivendi preference could be destroyed.

1658. I want to take you on to paragraph 3, where you say: "The through rates of the German State "Railways under Ring protection have diverted goods "from British ports to Delagoa Bay and helped to "develop that port at the expense of the British ports"?—Will you allow me to go on?

1659. You must really allow me to conduct the examination?—I shall be able to hand in a specification shewing how these rates could be obtained.

1660. What is the connection between the Conference and the German railway rates? Are not these railway rates rather by the assistance of the German Government?—I believe the German Steamship Company has an arrangement with the German State Railways. That has been understood all through.

1661. How have they diverted goods from British ports?—Here is a statement showing how the German through rates have diverted goods from Port Elizabeth to Delagoa Bay—six cases furniture, through rate to Delagoa Bay on 1,064 kilos., 12 marks, 34 pfennigs, £6 11*s.* 0*d.* British freight Hamburg to Delagoa Bay, 174 feet 5 inches at 42*s.* 6*d.* per ton of 40 feet, £9 5*s.* 5*d.* Difference, £2 14*s.* 5*d.*

1662. What would be the date of that?—1897.

1663. Surely changes have been made since then?—Some changes have been made, but these rates are ruling to-day. The German Steamship Companies have the right under their arrangement with the British Steamship Companies to quote these through rates.

1664. Can you tell me that there are these differences existing to-day, or anything like them?—I should say greater in many cases.

1665. Can you say so from any evidence?—Pardon me. I am most anxious to fall in with your wishes. You ask me a distinct question, and I will give you actual evidence of fact.

1666. Then I asked you the date, and you referred me to something ten years ago. I say, can you say the same system prevails now?—I say the same system does prevail now, but in consequence of the action I took myself in 1898, in certain cases supplementary charges, I am very glad to say, as an Englishman, are made by the German line bringing up the freight on certain goods to the English rates, but the grievance still exists in many cases.

1667. (*Sir John Macdonell.*) Could you give an instance of to-day corresponding to that?—I have not been in business myself for the last 18 months; but I assert this as a fact, that the arrangement with the German Steamship Company and the British Lines still permits the German Steamship Lines to use these German through railway rates, and under these German through railway rates a very considerable preferential sea-freight is granted. This is the statement I make.

1668. (*Chairman.*) At (e) you say, "As the Ring "system has enabled foreigners to obtain lower rates at "their ports for their merchandise in competition with "British merchandise, the Colonial Customs preference "granted by the South African Colonies to the Mother "Country has been largely minimized or utterly destroyed." What do you mean by "their ports"?—At German ports—Hamburg—and at New York and in America. As a general statement, I should say that where the percentage of the freight on the value of the goods is from six per cent. and upwards, it is obvious that the foreign freight rates, averaging 50 per cent. under the British rates, would utterly destroy the Customs preference, which is three per cent. *ad valorem.*

1669. You say 50 per cent. under the British rates?—Yes.

1670. At the present time?—I do not say at the present time. By your terms of reference, as I understand, you are "to enquire into the operations of Shipping "Rings or Conferences and more especially into the system "of the deferred rebates, and to record whether such "Conferences have caused or are likely to cause ——." Here I am showing you how they have caused.

1671. If you could supplement it by saying what is the case now, it would be most valuable?—I am prepared to give the statement of what is the case to-day. I have prepared a statement here, which I will hand in (No. 10)—"Table showing that lower foreign sea-freights destroy "the Colonial Customs Preference. Lampware, British "freight rate, 40*s.*; invoice value at factory, plus packing, "£13 6*s.* 2*d.*; freight, no primage, £3 12*s.* 3*d.*; freight "percentage, 27 per cent.; Customs duty, 15 per cent.; "British Preference rebate, 3 per cent; Tinware, British "freight rate, 30*s.*; invoice value at factory, plus packing, "£37 14*s.* 2*d.*; freight, no primage, £13 0*s.* 2*d.*; freight "percentage, 34½ per cent.; Customs duty, 15 per cent.; "British Preference rebate, 3 per cent.; Stoves, British "freight rate, 40*s.*; invoice value at factory, plus packing, "£29 12*s.* 10*d.*; freight, no primage, £7 4*s.* 5*d.*; freight "percentage, 24¼ per cent.; Customs duty, 15 per cent.; "British Preference rebate, 3 per cent." I am reading the British rates on goods, and I am showing that the low sea-freights under the German through rate system destroy this Customs preference on lampware, tinware and stoves, being more than 20 per cent. lower than the British.

1672. At the present time?—At the present time. "The American lower sea freights on all the above lines "have destroyed the Customs preference, having been "frequently 20 per cent. to 50 per cent. lower than the "British rates since 1903; in fact, rates of 10*s.* and 15*s.* "per ton have been quoted at times."

1673. You make a point of the American rate. You know the general figures of the imports into South Africa from the United Kingdom and the United States?—Yes, I have a general knowledge.

1674. In certain years there were large increases?—Which years do you refer to?

1675. 1896 I daresay you will remember. At the present time there has been rather a tendency to decline in the United States figures?—As in the English figures, I am sorry to say.

1676. You have got up to 4½ millions in 1903 from the United States and you are now down in 1905 to 1½ millions?—My figures are £4,587,000 in 1902; £2,981,000 in 1905–6.

1677. They do not agree with the Board of Trade figures. You make that general statement and you justify it by the table, which perhaps you will hand in?—(*Document handed in.*)—I also can refer you to these special lines showing the volume of trade done in these lines in 1906 with Germany and the United States. As you are anxious to get through the evidence perhaps I had better put that aside.

1678. With regard to the statement you say, "This "Ring question vitally affects British consumers and "producers, Imperial and Colonial—the merchant as a "middleman is not so seriously affected. Many of them "prefer fixed rates and Ring control, which, of course, "mean higher prices to consumers and less profits to "producers." That is rather a criticism of the methods of the London merchants, or the merchants generally, is

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it not?—I had in my mind when I wrote those words that the Durban Chamber of Commerce had decided not to give evidence before this Commission, and so I suggest that merchants prefer Ring control and fixed rates to an open freight market. For instance, here many of the leading merchants are the local agents for the steamship companies, and some of the merchants are shareholders in the steamship companies themselves, so that they are naturally not in quite an independent position, although I do not suggest they would all allow such influences to control them.

1679. Is not one of your reasons for holding that opinion that the merchants are afraid of having a large amount of goods imported into South Africa under low rates—that they prefer the fixed rate to an occasionally low rate?—It may be just as Mr. Byron pointed out, if a merchant was unwise enough to make a very large importation of galvanised iron, he would be particularly disturbed in mind when a steamer brought that iron in at 15*s.* a ton under his rates, but the consumer would no doubt be very delighted.

1680. On Question 6 you say, "The rates of freight to "and from the United Kingdom in the South African "trade are excessive. In a free and open market they "would be, at least, from 10 per cent. to 15 per cent. "lower." Would you give me the basis of that estimate?—Unfortunately I am not able to give my evidence as I intended, so you must excuse me if I have to delay slightly.

1681. You go on to say, "as Chairman of the South "African Mercantile Association" in 1898 you could have got steamers put on?—The Association, made up of 400 British manufacturers, representing many millions of British capital, was approached by a firm of shipowners who offered to run a line of steamers to South Africa at 10 per cent. under the Ring rates, and said that if the Ring rates were lowered they would lower theirs to be still 10 per cent. under their average.

1682. Can you give me the name of the shipowners?—No, I do not think I am able to give that.

1683. Would you mind giving it to me in confidence could you write it on a piece of paper?—Oh, yes, certainly. (*Witness handed in paper.*) I think that is the actual firm's name. If not, I will turn up the details and let you know.

1684. In the next paragraph you say, "The rates "charged by the Ring from the United States of America "in 1895 showed that they could run steamers over a "longer sea-route at rates one-third below their United "Kingdom tariff for a shorter sea-route." That was the time of the war of rates in 1895?—I should not call it a war of rates. Sailing ships had been running for many years from the States, and the British steamship companies were anxious to get that trade and they put on steamers at rates that would compete with the sailing ship rate. I do not think that the Shipping Ring were unwise enough to run steamers at a loss, or anything of the kind; in fact, knowing the charter rates at that time, I should say they did very well out of the business, even at the rates they quoted, which were 30*s.* and 35*s.* against 45*s.* British rates; 20*s.* as against 32*s.* 6*d.*; 17*s.* 6*d.* against 25*s.*; 15*s.* against 22*s.* 6*d.* This is old history, you do not seem to care for old history.

1685. 1896 was a year in which there was a very large increase of imports from the United States, and I thought as you had mentioned this year you could give me your opinion as to why this very large increase took place? We have been told that it was in connection with grain imports to a very large extent. Perhaps you can remember?—We did not do a very large business with the States. We did a general cargo business. It might be that a large business in food-stuffs was done at that time. If the steamers had not gone at those rates that business would have been done by the old sailing ship lines who had done the business for many years and these rates quoted were rates that would pay them very well.

1686. I suppose this question is the same that you quote in the short paragraph further on: "A syndicate had "offered to put on steamers at a reduction of something "like 33⅓ per cent. under the Ring rates?"—I have not been able from my papers to trace the details, so that I am not prepared to prove that statement to-day. I hardly think it is necessary to prove it, for this reason, that Messrs. Houston's rates justify the statement; they would work out, I should think, at least 33⅓ per cent.

1687. Are not they essentially fighting rates?—They were not rates which would yield him any appreciable profit, but I do not see why he should have lost very heavily.

1688. Do you think they yielded any profit?—If he filled his steamers he would have come out fairly well, but as probably several of his steamers went away three quarters full or perhaps half full, the position would be changed at once. That is just where it is to-day, steamers, as you know, are only coming out here half full and in some cases 75 per cent. full. With regard to the charter rates in England, Sir Donald Currie made a statement that "A tramp ship cannot load on the berth and go out "to South Africa and do her voyage out and home under "25*s.* on her cargo, and as to a mail boat, compared with "my friend Bucknall's boats, the voyage costs three or "four times as much as the voyages of his vessels, and "now to be told that I should be thankful I am only "asked to give something off the first class?" We are dealing with this question of excessive rates, and I say Sir Donald Currie himself has offered positive evidence that these rates are excessive. The evidence he has offered is this, that Bucknall's boats cost one third on one fourth the expense to run that his mail boats cost and yet before his steamers came inside the bar here the cost of freight by his mail steamers to the ship was actually less than that of Messrs. Bucknall Brothers and the Rennie Lines. Now that is a positive proof that a mail boat costing four times as much to run was carrying, at cost to the ship, cargo at less rates than Messrs. Rennie or Messrs. Bucknall's boats, surely his evidence proves that the rates charged by Messrs. Bucknall's and Messrs. Rennie were undoubtedly excessive. Then I should like to put in particulars of a charter which I have before me:—"Steamer tonnage specification; on basis 20*s.* dead weight "charter; cargo dead weight 6,755 tons; cargo capacity "measurement 9,387 tons—

General Cargo.	Tons, D.W. 2,240 lbs.	Tons measurement. 40 cubic feet.	Freight tonnage, weight and measurement.
Including galvanized iron, bar iron, cement, machinery, &c.	1,800	900	1,800 tons
Measurement goods of all classes	4,955	8,487	8,487 „
Total.. ..	6,755	9,387	10,287 tons

"This steamer therefore carries, say, 50 per cent. more "weight and measurement than her dead weight. The "rate all round to cover her charter cost would be 13*s.* 4*d.* "per ton. Shipowners would get in addition the profit "on the cubic measurement gained by the half inch and "upwards counting always as one inch on the length, "depth or breadth, of any package. This would mean "for example, an extra 25 tons measurement on, say, "2,000 casks measuring 3 feet 6 inches by 1 foot 8½ inches "by 1 foot 8½ inches, but which by the custom of the "trade would be counted as 3 feet 6 inches by 1 foot "9 inches by 1 loot 9 inches. This gives a total difference "of 50 tons to the 1 inch or 25 tons as stated above to "the half inch."

1689. What is the date of that?—I compiled it the other day.

1690. I want to ask about your statement at the bottom of the page, "Homeward freight rates would be lower in "a free and open freight market." We have evidence from produce exporters who are satisfied with this freight rates?—I can quite understand it may be so. Those produce people ship sometimes on their own account. They ship for principals in England and they also ship as agents for farmers up country. I would ask you to bear this in mind. While the Shipping Ring have reduced the rebate in England to 5 per cent. they have not reduced the rebate in South Africa, so that this 10 per cent. still remains and it is evidently a very satisfactory arrangement to these produce people; they like the 10 per cent. primage, or rebate, or commission as Sir Donald Currie prefers to call it, and, that being so, I know that in some cases instead of the 10 per cent. going into the pockets of the farmers as it should do, it is retained, as it was retained by many leading merchants in the old country, by these produce people. They are naturally anxious to keep up a system that gives them fixed rates and a satisfactory commission.

1691. Is it not the case that generally farmers sell their produce also to a merchant or an exporter?—They do, but many farmers ship direct through the produce people. The goods are shipped at the port on account of the farmer.

1692. You think in this case the farmer does not get back that 10 per cent. rebate that he is entitled to?—In some cases he does not.

1693. You think that is an inducement to the exporters to prefer the present system—that is more an inducement than the reason they give, that they want to have freights uniform?—I say that they are not in an independent position. They are receiving the 10 per cent. commission. They regard it as an advantage. I think it is a very unfortunate position to take up. We are in a terrible state of depression in this country now and produce people should do everything they possibly can to encourage the production up-country. The more profit the farmer makes, the more satisfactory his production must be.

1694. You base your statement about the homeward freight rates on the Australian rates?—Yes.

1695. Have you any other basis for it?—My other basis is this, that if we had a free and open freight market, wool would probably be shipped at 50 per cent. under the present rates.

1696. You think the $\frac{8}{10}$ths of a penny per pound could be reduced to less than a farthing?—To $\frac{3}{16}$ths.

1697. You say, "Preference in rates have been granted "to private firms and public bodies and Goverments." You say you have no personal knowledge of this fact apart from this information?—No, no personal knowledge.

1698. On question 8 you say, "It would not be practicable for merchants to charter tonnage in the open "market, even if a considerable number of them were to "combine." That is your experience?—That is my experience or I should have arranged that when I was Chairman of that Association.

1699. Then, to question 9 you suggest Imperial legislation to make them illegal. You would not approve of any modification?—No modification whatever.

1700. You have spoken once or twice of the London Conference. I suppose you have read the proceedings there?—I have read every Blue Book and carefully digested them.

1701. Very laudable. You read the draft agreement of the London Conference about a year and a half ago. The rates were not sufficiently reduced by the shipowners and eventually the negotiations were broken off, but the Governments in South Africa suggested an agreement and they would have been willing to sign that if the rates had been sufficiently reduced. You do not approve of an agreement on such lines?—Certainly not.

1702. You would not be content with it even if your rates were largely reduced?—Certainly not. I am strongly opposed to both these agreements.

1703. You attach a certain amount of importance to your present service of shipping, do you not?—Undoubtedly. If you had allowed me to explain the matter with respect to the shipowners, I could have told you, I should be only too glad to see a system of subsidies started if necessary, as in the case of the Cunard Company. I think British shipowners should be encouraged more than they are to-day. It would be to the advantage of the British Mercantile Marine and to the whole country. I had important points to put before you but I have not had an opportunity.

1704. You would not agree to any modification of the present rebate system?—No modification whatever.

1705. Not even if it were made terminable at seven or five years?—I believe it to be an utterly bad system and I would root it out entirely.

1706. You believe you could secure quite as good a service for these ports under a free system?—Undoubtedly. For nine years I worked in a free and open market myself. We had the Union Steamship Company and the Donald Currie Line. They sailed at regular dates and gave us a very splendid service. As I told Sir Donald Currie myself, if this rebate system were in force when he attempted to come in very probably he would have been shut out and we should have lost the Currie Line, which would have been a very great loss to South Africa.

1707. You recognise you have regular boats and a very excellent service under the present system?—I do, and I am anxious that it should be continued. If in a free and open market it could be shown that such a service could not be continued, then I should as an individual favour subsidies to maintain it.

1708. You think the Governments should give subsidies?—I do. Imperial, and Colonial too.

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1709. (*Sir John Macdonell.*) Does this society, of which I understand you were chairman, now exist?—It does not exist now.

1710. It had a large number of members?—About 440 members. They were chiefly manufacturers. Some of the largest and most important manufacturers in England, and also perhaps about 25 to 30 South African Merchants and Traders.

1711. In the main it was an English or British Association?—Yes. It had about 25 Colonial members.

1712. Only to a small extent were those members resident in the Colonies?—That is so.

1713. When did it cease to exist?—I think in 1899 it became merged into the British Mercantile League, of which I was the first president. I think Sir Alfred Bateman will remember I attended as delegate.

1714. At all events for a certain number of years it has ceased to exist?—Yes.

1715. Have you in your business life had any practical experience of shipping?—Yes, I have made scores of freight contracts myself.

1716. My question had another meaning. Have you been carrying on business as a ship-owner in any way?—Not as a ship-owner, no.

1717. In stating as you have done from time to time in your evidence that 9 or 10 per cent., as the case may be, would be the reduction, you think you are qualified to speak upon that subject?—Certainly. I should put it higher than 9 or 10 per cent. Taking the outside steamers I should put it at 20 per cent., especially as they only give 5 per cent. return primage, or rebate, or commission.

1718. We have, as the chairman has stated, had evidence from producers to the effect that at the present time they are, subject to certain minor qualifications, favourable to the system of deferred rebates?—These produce people, yes.

1719. I am not quite sure I understand what your explanation of their opinion is. Partly I understand it is that they have an interest inasmuch as they are connected, directly or indirectly, with shipping companies?—As shippers they get the 10 per cent. rebate. They collect that.

1720. When we are told by them that in their judgment the removal of the rebate system would disorganise their business, am I to understand you think they do not know their interest, or that they are not accurate in their statement?—I should dissent from their view and I should be quite as competent to form an opinion as these men. That is as a commercial man.

1721. Still, have you any other explanation to offer of the opinions expressed by these produce shippers?—It may be as Mr. Jagger said in England, that having fixed rates saves them some time and trouble in fixing up their freight arrangements. Where you have a free and open market it means that you must have keen shipping clerks and perhaps have to pay them rather more money.

1722. May there not be another explanation somewhat more substantial than that? May it not be the case that, to take wool for example, they have to sell at a price which is fixed, not by the conditions in South Africa, but by the conditions of the wool trade generally all over the world?—Wool that is sent to England is either sold by auction or it is consigned direct to the maunfacturer in Yorkshire or some other part.

1723. I am putting to you another explanation of their opinion which has been given by some exporters. May it not be the case that they have to fix the selling price of wool with reference to the price ruling in the wool trade generally, and that they must be able in calculating that price to include some definite and fixed rate of freight?—That might be. It is just the same with the wool market itself. They may have to make a quotation and take the risk of the market in buying at a certain price, and that risk of course would apply to the freight in the same way. Before a man quoted for wool he would assure himself he had freight facilities.

1724. If there were fluctuations in freight they would consequently suffer?—They might do so. In other cases they would largely benefit. Suppose they fixed up their terms upon a high basis of freight to cover themselves.

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They would then make considerably more profit when they were able to ship 50 per cent. under those rates.

1725. That no doubt might happen. Might there not be another reason? I suppose that in the case of wool it is necessary that the shipment should be made regularly and promptly?—In reply to that I should say that in an open freight market.

1726. I am coming to that. Your mind is rapid and you anticipate a little?—I am sorry.

1727. Not at all. It is a pleasure to ask questions of one so quick. At all events, you would expect that they would desire their regularity and promptness of shipment?—I think for their peace of mind it is more satisfactory.

1728. If under an open freight market these conditions were not fulfilled, it would be to their great disadvantage? If the conditions I have stated, namely, fixity of freight, regularity and promptitude of shipment were not fulfilled, they would be at a serious disadvantage?—If they could not get these conditions they might be placed at a disadvantage in certain cases, but as business men they would cover themselves in consideration of the advantages which an open market would undoubtedly give them. If they could ship wool at rates 50 per cent. under the present rates to the Old Country, farmers would benefit.

1729. In your view, the great question is whether the free freight market would give these advantages?—That is so. I have worked in a free freight market. I am speaking from nine years' practical experience of a free and open freight market.

1730. Which ended when?—When the first rebate circular came into force, in 1886.

1731. Since then you have had little or no experience of a free freight market?—No, we have had a closed market against us.

1732. You have stated your confidence respecting what would happen under the free freight system. Is not that rather a matter of, say, prediction, surmise, or conjecture?—Not at all, because I speak from the experience that I have actually had in a free and open freight market, and here is a statement that I have put before this very Commission. Mr. Byron himself explained that when a charter was made, a man was anxious to get 500 tons of galvanized iron at 10*s.* a ton against 25*s.* a ton.

1733. Are you referring now to one case, or to a large number of cases?—I am referring to one case which would apply to a large number of cases in a free and open market.

1734. At all events, you have in your mind at the present moment only one case?—At the present moment, yes.

1735. Studying moderation in statement, you would not base too much upon one case, would you?—No, I say that is an example which, applied generally, would have a serious effect. I say in a free and open market it would apply generally. Frequently these charters would be fixed up, and steamers come out here at these low rates.

1736. You base your opinion upon experience which ended somewhere about 1886?—It is impossible to have had experience since.

1737. I notice one statement in an answer which my colleague referred to, and which I will ask you to turn to again. It is in answer to Question 2. You state: "The merchant or shipper, in the absence of 'definite agreement to the contrary, does get the 'benefit of the rebate on consignments to and from 'South Africa. It was not generally the case before 'the anti-Ring agitation was taken up by the South 'African Mercantile Association in London." Do I understand you mean that generally the merchants withheld it? What I find here is "not generally the 'case." Is not that rather a serious charge?—Perhaps it is a little too sweeping, but I am speaking from my knowledge.

1738. I attach great importance to your answers?—I am very glad to hear it.

1739. Is not that in a rather veiled or indirect way a charge something like fraud against a large body of men?—No. I should be very sorry to make a charge of that kind. The position was misunderstood in England, I think. The London merchants, as shippers, contended that they were entitled to retain this 10 per cent. rebate themselves, and as between their London houses and their Colonial houses that 10 per cent. was retained by the London firms as a profit belonging to the London firms.

1740. Your words, no doubt, are very carefully weighed. You do, in a subsequent sentence, say that some merchants retained the rebate and insisted that they were entitled to do so. I put it to you, as one who evidently writes with great care, whether the clear implication of that is, that a large number of merchants retained the rebate contrary to what they knew to be right?—I do not suggest that for a moment. I suggest that the position, as understood in London, then was, that the shippers in London were entitled to retain this rebate. They had not gone into the legal question.

1741. Reverting for a moment to the word "gene-"rally," do you still wish to state that?—On reconsideration, perhaps, I would modify it; perhaps it is a little too sweeping, but not as applied to the position as I knew it at the time, and bearing in mind that the London merchants themselves considered they were entitled to this rebate, they kept it in London without crediting it to their Colonial houses. The majority of the London houses had their own branches.

1742. Would you mind turning to your answer to the next question. Your answer is, "Rebates have "been forfeited by these merchants or shippers who "have violated the terms of the Ring circulars by "shipping in steamers put on by shipowners outside "the Ring." I am not asking you as to the rights of the Shipping Combination under the circular; I am asking you as to what in point of fact they have done of late. Have they forfeited the rebates?—I have no personal knowledge of any firm forfeiting rebates.

1743. I suggest might it not have been a candid supplement to the answer, to have stated that you did not know whether that was the case or not?—The position I took up was this. The circular very definitely states that when a merchant ships in any steamer outside the Ring, he forfeits his rebate. This statement was founded on that.

1744. I prefaced my question by saying that I was not talking of the terms of the circular, but was asking you respecting the practice of the Shipping Combination?—I explain now that that statement was founded on that fact.

1745. I hope it will not be inconvenient to you to turn to a somewhat distant part of your answers, the answer to Question 9. I see you stated to my friend that you desire Imperial legislation, and you go on to say that "Shipowners should be subject by statute to "all the liabilities of, and restrictions applied to, com-"mon carriers?—May I just interpose for one moment.

1746. Any explanantion may be given afterwards. Will you allow me to conclude my question before answering it? "All rebates and preferences of all "kinds would thereby be forbidden under heavy penal-"ties." I will assume that the Shipping Combination are not common carriers, for the sake of argument. Assuming that they were common carriers, how would they be placed under heavy penalties?—Since I sent in this summary, I have carefully re-read it, and I wish to revise one or two points. This is the amendment I wish to make: "All rebates and preferences of "all kinds should thereby be forbidden." That is to say, by statute. I know that there are no heavy penalties under the Common Carriers Act.

1747. This phrase, "under heavy penalties," does not mean anything?—It is not a fact that there are heavy penalties under the Common Carriers Act.

1748. "Under heavy penalties" is rather rhetoric than anything else?—It is not rhetoric, as I intended the words to apply. It is the construction which I ask your permission to amend. The construction is, that all rebates and preferences of all kinds should be forbidden by statute, by an amendment of the law which I propose, and then under the restrictions I wish to modify my statement by saying "As far as "those restrictions are applicable to sea-borne traffic." I have drawn out a rough statement here.

1749. There might be another correction suggested here. As you probably know, common carriers may give preferences?—Yes, if it is not unreasonable. I have read up the Act.

1750. I see that you are quite well acquainted with the subject. Then you say, "I would suggest Im-

"perial legislation to make them illegal, as indict- "able conspiracies in restraint of trade." I want to see what is in your mind. Would you have a law, the terms of which were strictly confined to Shipping Combinations, or would you have a law worded in such terms that it should include Trusts and Combinations in trade generally which were in restraint of trade?—If you wish my personal opinion, I should like it applied all round.

1751. If that be your wish, do you think it would be just to make one industry the target of special legislation and leave intact other combinations in restraint of trade?—It would practically be no hardship whatever. The legislation which I propose would practically place the shipowners in precisely the same position that they were in before the rebate system was introduced and these Rings and Conferences controlled trade, except that they would not be able to grant preferences or discriminate between shippers.

1752. This is a proposal that special legislation of a penal character should be directed against Shipping Combinations and only Shipping Combinations?—Yes. May I read my suggestions.

1753. It is only to get your opinion. We are not drafting a Bill now?—All Combinations, Conferences, or Rings of Shipowners and others to maintain sea freights at an unreasonably high or unfair level shall be unlawful as in restraint of trade and against public policy, and if any instrument of coercion or intimidation be used by such Combination, Conferences, or Rings and others to assist them in their unlawful operations the members thereof and anyone abetting such shall be guilty of conspiracy and be indicted accordingly. This offence shall be a misdemeanour, punishable with the maximum term of imprisonment. Shipowners as common carriers shall be subject by statute to all the liabilities of (perils of the sea excepted) and to all the restrictions applied to railway and canal common carriers (as far as such restrictions can be applied to sea-borne traffic). All rebates, preferences, and discrimination of all kinds shall be forbidden under heavy penalties. Shipowners as common carriers shall include all persons who shall in combination charter any ship or ships for their joint benefit. Sea freight rates must be reasonable, and shipowners, subject only to this limitation, shall be entitled to charge such rates as they shall think fit by any one ship on the berth, provided always that the rates so charged shall apply to all shippers alike by any one ship. Shipowners shall be compelled to attach to every ship's clearance a sworn declaration of the rates of freight and classification applying to the ships cargo. This sworn declaration shall be open to public inspection on payment of a small fee. That legislation would only put the shipowner in precisely the same position as he was in a free and open market, except that he would only be able to grant equal rights to all the shippers by one ship. Now, I know a great deal has been made out of this point, that in a free and open market the small shipper——

1754. I am coming to that if you would allow me to conduct my examination in my own way. Supposing you had a free freight market, have you considered whether a ship would be able, and, if able, would often, ship goods of all sorts on the ship's own account?—Yes, certainly.

1755. In the free freight market which you contemplate, is that to be done?—I should not object. I should certainly give them that freedom.

1756. So that at any time a ship might bring coal or cement, or any commodity, and sell it on account of the ship?—Certainly. I believe that is done very largely in coal at the present time.

1757. You see no objection to that?—As a merchant and commercial man, I see no objection, because I know it has been very largely done, and always will be done.

1758. Do you not think that would be objected to by merchants dealing in the particular commodities?—It might be so, but the other advantages would, in my opinion, outweigh that.

1759. That is what you contemplate as a contingency?—I should not be afraid of such a contingency myself. In a free and open market I do not think such conditions would exist.

1760. Might it not exist upon a very large scale?—I do not think so. It would be too great a responsibility for shipowners to undertake. They would prefer to confine themselves to their carrying rather than enter into the rather difficult fields of merchants' business.

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1761. Have they always preferred to do that? Are there not instances in which they have practically engaged in the coal trade?—I believe it has been stated in the newspapers that the shipping companies here have been carrying on a sort of coal trade in connection with East London.

1762. What is to prevent them engaging not merely in that trade, but extensively in other kinds of trade?—Nothing at all.

1763. Do you not think perhaps it would be a very probable contingency that upon a very large scale and in regard to many commodities they could become competitors with merchants?—That may be so, but I am not afraid of it. I do not see why any man who believes in a free and open market should be.

1764. Might they not have some considerable advantages in the competition with the other merchants?—Of course, in this legislation that position would have to be safeguarded as far as the rate of freight is concerned.

1765. Can you refer me to the clause in your Bill which provides for that?—I have not drafted a Bill; I have only made suggestions.

1766. I am sorry I used the word "drafted," because I do not think you used that term; but if a workable Bill were to be drafted that question would have to be provided for some way or another?—Certainly it could be dealt with, I think.

1767. And, in your view, ought to be dealt with?—I have not considered it to any great extent.

1768. The point I am inviting your opinion upon is this. In dealing from a business point of view with a Bill of the character which you have outlined, that question which I put before you would have to be determined one way or the other?—It would.

1769. And, in your view, it should be determined by giving shipping companies perfect freedom?—I am in favour of perfect freedom.

1770. And I presume you would admit that that would be a point upon which your opinion would differ from the opinion of very many?—I have no doubt it is so. I believe the majority of the merchants in England are in favour of the rebate system.

1771. I am not talking of the rebate system?—I meant to say the trend of opinion.

1772. I am not talking of that. The point I am putting to you is whether or not the majority of merchants would not be adverse to free sale by the shipping companies of all articles?—I am not able to answer for the majority at all. Some of them would get great advantage, no doubt, from the system. The shipping companies would consign the goods to them. They would get further advantages in addition to the advantages they get now.

1773. You contemplate that might possibly result?—I contemplate that might possibly result.

1774. I think you anticipated what I was going to say on the question of the exact position of the small man and the large man—to use a homely expression—under a system of free freights. Do you think that the small man would, under that system, have as good a chance as he has now?—My experience in the past of the free and open market has been that the small man has a better chance. It is the big men, like Wernher, Beit, & Co., who have been able to fix up these big contracts under the Ring system.

1775. Let me see if I appreciate that. Take an illustration so as to make the point definite. One man ships, we will say, perhaps in the course of a year a small quantity—50 or 100 tons. Is he likely under the free freight market to get such good terms as a man who ships every week on a large scale?—Yes. Taking perhaps the year throughout, he would come out quite satisfactorily.

1776. I am putting a case where he ships perhaps only once a year or two or three times a year?—I can hardly imagine a case of that kind.

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1777. I will take a case of a man who ships, say, 10 tons every month, as against a man who ships——? —I will take a case that will answer you. Here is a sailing vessel on the berth——

1778. Would you mind answering the question?—I am trying to answer it by giving an example. Here is a sailing ship on the berth. One man has 200 tons of galvanized iron, which he has shipped; he is a big man. They want perhaps 20 tons of galvanized iron to fill up the ship. In a free and open market, where they are not compelled to grant equal rates and equal treatment, the engaging clerk of that broker would go round to a small man and say, "I have "room for 25 tons of galvanized iron; I can give you "a very low rate," and actually quotes a lower rate to the small man for his 25 tons than for the man with the 200 tons.

1779. That contingency is not quite unforeseen by me. I was going to come to that later on. I am supposing a somewhat simpler case than that which you have supposed—a case where someone ships, perhaps once a month a small consignment, and another case where a man ships regularly every week under a definite contract not less than so much, and that so much a very large quantity. Do you tell me that the first man would get as good terms as the second?—If you had very large quantities, as I explained, under the present system, these very large quantities have been able to get these low rates of freight. They have had that advantage under the Ring. Now, take the small man. If he understands his business and knows how to fix up a freight contract, he would go round to the shipping company and make his contract and get a guarantee that those were the lowest rates in the ship.

1780. May I take it that, in your view, under the open freight market the small man would get quite as good terms as the large one?—I say, if he understood his business he would get quite as good terms.

1781. I am assuming that he understands his business and that the large man understands his?—As a small man I should not be afraid of it myself.

1782. I do not wish to travel into a question which has been adverted to about Question 4 (*c*). You speak about diversion to Delagoa Bay, and you refer also to Lord Selborne's memorandum. Is not the aim and substance of the explanation of the diversion that it was largely a question of railway rates; that in old times there was a diversion to Delagoa Bay because the rates payable to the Transvaal were, over 341 miles, as against 178 from Durban, and as against 49 from Cape Town?—Are you referring to the time before the British occupation?

1783. Yes?—Before the British occupation, the Transvaal Government were naturally anxious to divert all the traffic to Delagoa Bay, and I am sorry to say the British Shipping Ring have assisted them as much as possible. That is the effect of their policy, judging from their rates. I showed you that they used to quote 7*s.* 6*d.* above the Durban rates; now it is only 2*s.* 6*d.* That is deliberately giving a preference to Delagoa Bay.

1784. I am not forgetting that point, but——?—And in 1893 they raised the British rates but reduced the foreign port's rates.

1785. Is not the diversion attributable—at all events, to some extent—to the fact which I have adverted to, namely, the large mileage rates payable to the Transvaal over the Delagoa Bay route as against the smaller mileage rates from the——?—These railway rates have always been fixed up by Railway Conferences, and the differentiations between the ports, as far as the railway rates are concerned, are shown in the terms of the Modus Vivendi—that is to say, as between Durban and Delagoa Bay it is 13*s.* 4*d.* on the normal, 15*s.* on the intermediate, 13*s.* 4*d.* on the intermediate B, and 13*s.* 4*d.* on the rough. Those are the Modus Vivendi terms. If you wish to ship through Durban you must get a lower freight of at least 5*s.* or 7*s.* 6*d.* to overcome this railway preference. I have figures to submit, which I have not been allowed to put in, which would have shown how goods had been diverted from British ports. To-day, Durban is the dearest port competing for the Transvaal trade. Durban does get some of the goods because—I am thankful to say—we have British merchants who do not consider ¼ per cent. upon fine goods worth considering, but Durban for all goods to the Transvaal is a dearer port in through freight than Delagoa Bay, and Delagoa Bay is a foreign port.

1786. There is another point I would draw your attention to. In answer to the same question, you say in 4 (*b*) "When the Cape Colony invited tenders "for the current contract in 1898 or 1899 no steam-"ship company tendered. They could not possibly "do so on equal terms with the present contractors." Then you say a certain gentleman tendered on behalf of a syndicate "who would have had to build their "steamers. The tender was not accepted for finan-"cial or other reasons." Was there any offer made by a body of capitalists of sufficient ability?—Mr. van Laun represented a syndicate of capitalists, I believe. I met him, but I had no details of the financial arrangements.

1787. Whether or not this syndicate was a body of persons capable of carrying out this large undertaking, and whether Mr. van Laun was competent to undertake such a work, you do not know?—I do not suggest that he was; I do not suggest that he was not; but what I do suggest is that as the market was closed no steamship company could possibly compete on equal terms. I think you can see that yourself. They held a large amount of accumulated rebates, and a new company, if they became contractors, would have to fight the Ring, and as they detached the supporters of the Ring, these supporters would forfeit their rebates, and these forfeited rebates would be used to fight the new contractors.

1788. You speak of a diversion of traffic. What specific examples would present themselves to your mind? You referred to a diversion of traffic having taken place to America; you stated traffic had been diverted to the United States from Great Britain?—The general position——

1789. I gather your general position. Would you mind giving me examples of the particular kind of traffic?—I should have to refer to the list from which I quoted some time ago. As showing how the trade of the United States has benefitted, we will take candles.

1790. What date are you talking of?—These are the figures supplied for 1906:—£271,359, total; United Kingdom, £188,662—69·5 per cent.; United States, £45,404—that is, 16 per cent.

1791. Have you the respective rates for those articles?—Not now. As you know, they have been very much lowered—sometimes 50 per cent.

1792. I am dealing with the particular article which you have mentioned. Can you give me the respective rates for candles in 1906?—Not from America. I have not the respective rates for that.

1793. To your mind is it any proof that because there is a large quantity coming from the United States, the low rates have necessarily brought that large quantity?—Certainly; if the rates from a country are very much lower, especially if they are 50 per cent. lower, goods must be landed at lower cost, and so the trade is increased.

1794. You speak of 50 per cent. I want to know what are the respective rates?—I have not the information with me. I can supply it. You will find that they are much lower.

1795. Take another article?—For instance, lampware—£27,000 from the United Kingdom; £9,900 from the United States.

1796. I am sorry to press you, but it has great importance, or may have great importance, if we know not only what the rates are, but what were the respective rates?—I say I have not the rates over that particular period, but my general statement is that the rates are much lower.

1797. You have put in here this interesting statement as to lampware, tinware, stoves, and candles, and then you say, "Frequently 20 per cent. to 50 "per cent. lower than the British rates in 1903." I want to know, are the rates at the present time in respect of these articles 20 to 50 per cent. lower?—You will understand I am not in business now, and I cannot answer as to the specific rates ruling to-day. This is a statement which I put before you showing clearly that the Customs preference has been destroyed by lower rates quoted from America. It is

a general statement. For instance, where the percentage of freight is from 6 per cent. and upwards——

1798. The Customs preference began to operate in 1903?—Yes.

1799. Can you assure me that you have examined the rates in respect of these articles since 1903, and that since 1903 the American rates have been, in respect of these articles, 20 to 50 per cent. lower?—Certainly. The American rates have been down to 10*s.* and 15*s.* since 1903.

1800. (*Chairman.*) That is in a particular period of the freight war?—That may have been the case. I am only pointing out that these low rates have destroyed the Customs preference, and that is a very serious matter. If you had a free and open freight market in England we should get lower rates from England, by which manufacturers would have benefited.

1801. (*Sir John Macdonell.*) You have anticipated a question I was going to come to. In answer to Question 6 you say, "In a free and open market they "would be at least 10 per cent. to 15 per cent. lower." Is that the result of a calculation?—I put in a charter showing that on a 20*s.* dead weight charter it would work out at 13*s.* 4*d.* all round. That was a specification of a steamer to run on the Cape trade.

1802. Where were the data obtained from? What actual case had you in your mind?—Do you mean with regard to the builder's steamer? I had a builder's specification of the steamer, giving her measurements and dead-weight capacity. There is the statement before you.

1803. You have not framed this with reference to any charter rates?—Yes, that 20*s.* would be a price that would be quoted to-day in the market.

1804. Assuming that you had a charter rate of 20*s.*, that is for a steamer?—Yes, dead-weight.

1805. You would have to add something in order to get the value for the service such as is rendered by the ships of the Combination, would you not?—I do not quite follow you.

1806. This, as I understand, is 20*s.* for conveying under a charter goods from one port to one port?—You charter at 20*s.* dead-weight; that would apply to one port.

1807. Would not you make, in the first place, some allowance for the fact that these vessels have to sail full and not full?—No, certainly not. A line of steamers of that character could be put on the berth, and they would have to take their chance like any other line of steamers. It works out at 13*s.* 4*d.* all round. I do not suggest that 13*s.* 4*d.* should be charged. That was my reply to Sir Donald Currie's statement that you would have to get 25*s.* to make a charter pay.

1808. You make this statement not having had any direct personal acquaintance with the shipping trade?—I have made it part of my duty to understand the shipping trade.

1809. I suppose you understand it in the same way that a shipowner would understand your trade?—I think I have gone a little more into details. I have discussed this question with practical men very carefully. If my facts can be impeached, I have no doubt the Shipping Ring will impeach them, when I should like to be re-called, if possible.

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1810. You mentioned more than once the Houston rates as a criterion. The Chairman called your attention to the fact that these were fighting rates, and you stated that you assumed that these gave a profit?—I said Mr. Houston was not the man to put on steamers and run them at a loss, and if he entered into a contract for 17*s.* 6*d.* for three years he would not be foolish enough to enter into a three-years' contract if he were going to lose.

1811. Have you any calculation to enable you to say that that rate did give a profit?—That charter works out at 13*s.* 4*d.*, and Mr. Houston himself was willing to quote 12*s.* 6*d.* all round in one case.

1812. Have you gone into any calculation which would show that Mr. Houston must have been getting a profit other than this document?—From the general knowledge I have of the position, and from the fact that he put steamers on the berth and was prepared to enter into long contracts. He made contracts at a reduction of 25 per cent. extending over long periods, and no sane shipowner would do that if he were running steamers at a loss.

1813. You have stated what your view is as to the true remedy. I will, for the moment, assume that it is the best mode of dealing with this question. Would not, to a large extent, the evils attaching to the rebate system be done away with if there were some control exercised over Shipping Combinations?—I am strongly opposed to any form of Shipping Combination whatever.

1814. I prefaced my remarks by saying I assumed that in your view the best mode of dealing with the question was abolition; I am asking you to tell me, if you can, whether some, and a considerable part, of the evils attaching to the system would not be done away with by a system of control?—That is not my opinion. The system is utterly bad, and even in a modified form it would only lead to other trouble. It is a system which throughout the whole period has operated to the direct advantage of foreign Governments, foreign ports, foreign manufacturers, and foreign shipowners.

1815. I rather assumed that you had the strongest objection to it, and I wanted your assistance in regard to a subsidiary question, whether to some extent—and to a considerable extent—the evils of the system would not be diminished by a form of control?—Yes; perhaps you might diminish some of the evils, but that would not satisfy me. I want them altogether destroyed.

1816. You have made that very clear to me. Do you think no form of control would appreciably affect the matter?—Not to any appreciable extent—not to any satisfactory extent would, perhaps, be the more satisfactory way of putting it.

1817. Not even if there were some body on which were representatives of the greatest interests?—I should strongly oppose any system of that kind, especially if Governments were inspanned as well.

(*Chairman.*) Thank you, Mr. Clarke. I am sorry we have not been able to take all the evidence that you wished to submit, but I think we have obtained very valuable evidence.

(*Witness.*) I thank you for your patience. I can assure you I have been most anxious to be in the highest degree polite in every way, and if I have offended I most humbly apologise. It is a question which I have deeply at heart, and I was anxious to put the case before you.

Mr. WILLIAM FRANCIS EARLE, examined.

1818. (*Chairman.*) You desire to give evidence on behalf of the Natal Produce Shippers?—Yes.

1819. I find that there are several signatories, I think, to your memorandum?—Yes, these represent the shippers of three parts of the produce from the Colony of Natal.

1820. There is no Association?—No.

1821. More than half the produce is shipped by firms who signed this memorandum?—Yes.

1822. You say: "Returns are made up, and rebates "paid, when due, to the order of shippers who are "required to sign a formal declaration similar to the "one attached and marked 'A.'" I think we have had that put in. I suppose there is no difference between that and the one which has been put in by shippers from the Cape ports?—I think there is a slight difference. I think there is a difference where it refers to sailing vessels; at least, that applies to Natal only.

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1823. This is the circular which you put in marked "A":—"Or from Natal by sailing vessels other than "those owned by Messrs. Bullard, King, & Company, "or by Rennie & Company"?—Yes. I do not know whether that is on the Cape one or not.

1824. Then you say: "The rebate is payable to the "shipper, but in so far as it reduces the expenses of "shipment from this Colony to the consuming centres,

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"the actual *benefit* goes to the producer, buyers being "enabled to pay an adequately higher price in this "Colony." Which produce are you referring to?—I am referring in that specially to wool, mohair, hides, and skins.

1825. Are prices for all these commodities really all fixed in Europe?—Yes.

1826. In wool, of course, the produce sent from this country is not sufficiently large to influence the price very much?—No; this is a comparatively small market.

1827. Or mohair either?—Or in mohair either.

1828. Or hides and skins?—Or hides and skins.

1829. How is this produce obtained from the farmer in this country?—It is largely bought from the farmer by the country storekeepers in the way of trade, and it is sent down by them and sold by public auction in Durban.

1830. You do not mean bought by barter?—To a certain extent it is, especially in the Dutch trade, but the English farmers in Natal and Griqualand mostly send direct to the auctioneers, and it is sold by auction.

1831. It is bought by firms such as these that sign the memorandum?—Yes.

1832. Are there any merchants or middlemen who go round to the different farms and buy produce?—No; practically they do not exist. There is no business of that kind.

1833. Should you say the greater part of the commodities that go from this country are bought at auction here?—No. In the case of wattle bark and mealies they are bought by private contract.

1834. A contract for a certain time, six months or a year?—In the wattle bark trade they very frequently have long contracts of 12 months. The shipments of wattle bark are the largest shipments of produce from Natal; they extend to about 15,000 tons.

1835. Where do they go to chiefly?—To England and to the Continent.

1836. It would be under "Bark of all kinds." Is there anything else but wattle bark in that? It is about 17,000 tons a year?—Yes, that would be probably the amount. It has increased in quantity. Wool and mohair would represent a tonnage of a little more than half of that.

1837. And a certain amount of sugar. Do you deal in that?—I am speaking in regard to this evidence entirely in regard to the homeward freights. There is no sugar sent home.

1838. So that it would be bark and mohair, hides and skins, wool and mealies?—Yes, those are the principal items.

1839. I notice that mealies is an increasing trade?—Practically. There has been practically no trade in mealies until this present year, but this year it is supposed that mealies will be the bulk of the produce shipped from here.

1840. What has caused that increase?—They have had a very good season, and a great deal more planting has been done this last 12 months.

1841. Has there been any alteration in the rate of freight?—The rate of freight for mealies has been reduced from 17*s.* 6*d.* per ton, exclusive of shipping, to 10*s.* per ton inclusive of shipping. Shipping, I think, is 1*s.* 6*d.* per ton.

1842. Then I suppose that will help the trade very much?—It should do.

1843. How was that reduction brought about?—I believe the first reduction of 2*s.* 6*d.* was a reduction which was granted voluntarily by the Conference Lines, and the second reduction, which I think amounts to about 3*s.* 6*d.*, was after negotiations with the Government.

1844. Then you say, "We know of no cases where "rebates have been forfeited by produce shippers of "recent years." You have no objection to the system of Rings or Conferences?—No; with regard to the forfeiting of rebates, rebates were forfeited when the German Line came in here.

1845. When was that?—I could not say.

1846. Many years ago?—It is some years ago now. Those rebates were forfeited, but there were three or four shippers, amongst the largest shippers of wool from the Colony, who forfeited the rebates then and took the low freight by the German Lines. They forfeited the rebates, but, eventually, the Conference Lines gave them the rebates when the thing was finally settled, so that they did not really forfeit.

1847. They did not levy any fine?—No.

1848. Nor any difference between the lower rates which they paid on the German boats?—No, they got the lower freight on the German boat and they did not forfeit the rebate.

1849. How would you regard that transaction? Would you have preferred that those who used another line got their goods home cheaper than you did? Should you like them to have been fined or have their rebates forfeited?—They did not get their goods home cheaper than we did, because we got the lower rates from the Conference Line. Those who stuck to the Conference Lines got the lower rate. The others got the lower rate by the German Lines and, eventually, got the rebates back, so that we were all on the same footing eventually.

1850. So that the whole trade benefitted?—The whole trade benefitted.

1851. You say, "No serious objection need be raised, "unless some better means can be found whereby a "fixed freight tariff can be secured." Why is it that you attach so much importance to a fixed rate tariff?—On account of the manner in which the business is done, it is almost essential that we should have equal rates and also fixed rates.

1852. You want rates lowered, do you not?—We like to have them as low as possible, and we have no objection however low they go, but it is a very important point that we should be able to rely on the rates.

1853. You have just given me an instance on mealies about the reduction to 10*s.*, which I think you said would benefit the production of mealies. Would it not also be a great benefit on the wool and on the wattle bark if you got lower rates?—It would benefit the producer to a certain extent, but unless we could rely on those lower rates then it would not be of any great benefit. I have had experience of shipping produce before the time of the Conference Lines, and we had very unequal rates then. I have shipped one week at $\frac{1}{4}$th per pound and the next week it would be $\frac{3}{4}d.$ The steamship companies, when an opposition boat came in, lowered the rate—made a very cut-throat rate—but immediately the opposition was gone they raised it so much above the old rate in order to make up the loss they had made through the competition, and put on a little besides, perhaps, for moral and intellectual damages or something of that sort.

1854. That introduced another hazard into your business?—Yes, and it affects the trade very considerably.

1855. When you got a low rate at that time, could you keep it on, did you have to give it to the farmer?—We have nothing to do with the farmer. We did not buy our wool from the farmer. The people who got the benefit of the lower rate were the people at home, that is, if the rate came after you bought the stuff, but in other cases when the rate went above that rate, they also had to suffer.

1856. Do you only sell f.o.b.?—No, we do various kinds of business. We buy sometimes entirely on commission, sometimes we buy the stuff here and sell it forward. We sell it from here to manufacturers and mills at home at a laid-down price at home.

1857. Your wool goes in the grease, chiefly?—Yes.

1858. Is it sold on the basis of clean wool?—Very largely.

1859. You say, "As the same system of rebates is "in force for shipments from this Colony to the "United States of America and the Continent of "Europe as to the United Kingdom, no produce busi-"ness can thereby have been diverted from Great "Britain." Is that so with regard to rebates in force to the United States?—That is so.

1860. There is very little business in exporting from here to the United States?—Very little, indeed. I do not think there has been anything exported from here for several years. Not within late years.

1861. The total exports to the United States were only £1,100 in 1905, and that is bigger than most years?—We used to ship at one time partly by sailing vessel to the United States.

1862. Practically, there is no export to the United States?—Not at the present day.

1863. When we come to Germany, there is a quarter of a million or more, which has increased?—Yes, the bulk of the wool goes from here to the Continent. It is most suitable to the Continental trade.

1864. It is not a very high class description of wool, is it?—The bulk of it is not—not equal to Australian wool.

1865. Can it be classed or standardised, or is it rather variable?—It is very variable. We standardise it ourselves to a certain extent after we buy it.

1866. You say, "Taken all round the rates of freight "for Colonial produce from this Colony to the United "Kingdom do not appear to be excessive at present, "considering all the circumstances, nor do they com- "pare unfavourably with those ruling to other "countries." Have you any examples of that?—You will observe that I say, "the rates ruling to other "countries." The rates to the Continent and to the United Kingdom are the same. The rate to America is higher.

1867. You do not think they are excessive to the United Kingdom and the Continent as compared with the rates of competing produce?—No, I do not think they can be considered excessive, considering all the circumstances.

1868. Is wool $\frac{3}{8}$ths of a penny from here as it is from the Cape ports?—Yes.

1869. What is it from Australia?—I believe that $\frac{1}{2}d.$ is the rate for grease wool from Australia, but there are very different circumstances under which the Australian wools are shipped. They get very much larger cargoes from there. The wool goes in much less space than it will do from here, because it is much more heavily dumped.

1870. You could press it here?—It would cost us more and we should not get any advantage, because there is any amount of freight, and it is not necessary to press it more.

1871. It would cost you more?—Undoubtedly.

1872. In evidence we had last week we were told that practically it would not cost you any more?—I do not see how anyone could say that you can do a larger amount of work for the same amount of money. It would require more powerful machinery and it would undoubtedly cost more.

1873. Do not you think that the far greater distance from Australia ought to be represented by more than the difference that you have between the two freights?—We have no objection to its being done, but I do not really honestly think that we can say it is an unfair rate from here as compared with from Australia. There are other circumstances besides that. Although if you took it roughly that South Africa was half the distance and Australia having an advantage of 25 per cent. in their rate, although you have only half the distance to run, the companies could not run the business on half the number of steamers because the time of loading and unloading is the same in both cases and, also, not only the time, but the expense of loading and unloading is the same for the shorter distance as it is for the longer distance.

1874. You mean terminal charges are the same?—Yes, therefore we could not expect if the distance was only half that we could cut down to the half rate.

1875. Do not you think you ought to have a bigger difference than you have?—If we cut down another $\frac{1}{8}$ we should be exactly on the same terms as Australia.

1876. There is such a thing as dealing in one-sixteenths?—We have no objection to a one-sixteenth. There is also the point that there is such a small quantity of cargo. Wool and mohair from Natal totals only 8,000 tons in the year, and it has averaged not more than 4,000 or 5,000 since the war.

1877. Are not you hoping to have a considerable increase?—Yes, we are hoping when we get sufficient increase that we shall be able to ask the companies to meet us with a lower freight, and I believe they will do so. I have a list of reductions in homeward freights which have been made since the Conference Lines came together, as compared with rates that ruled before, and I find that there are very large decreases in the rates of freight, that is in the average rates that we are paying now as compared with the time when we had an open freight market.

1878. (*Sir John Macdonell.*) Are there no increases?—I see no increases. I will put this in. They range from over 25 per cent. to 50 per cent. decrease. (*See Appendix VIII.*)

1879. (*Chairman.*) Were these made of their own free will by the shipping companies?—In some cases they have been made by the free will of the shipping companies; in others, after negotiations between the various people interested and the shipping companies.

1880. I see several of these are very recent—since the Commission was sitting, even. Fruit in cool chambers, 100*s.* per ton to 70*s.* per ton. Fibres were reduced on the 10th of December, 1906. On fruit in hold or on deck there was a reduction in January, 1907?—And the rate on bark, I think you will find it was reduced from 45*s.* a ton to 25*s.* a ton some time ago.

1881. Bark is now 25*s.* a ton. There is a recent reduction in mealies?—There have been practically no shipments of mealies up to the present year. About two years ago there was a very small amount shipped.

1882. I do not see coal here?—Coal is not a homeward freight; we do not refer to the coasting trade. None of the produce people are interested in it. They do not wish to speak on it as they have no knowledge of it. Everything there, I think, is mentioned which has been affected during the rule of the Conference Lines.

1883. Wool has not been touched since 1886?—Since 1885 or 1886, excepting that we have the rebate, which we did not get before.

1884. Natal spirits have been lowered. Are they—the choice article—an export?—No, I do not think they are. There are one or two lines mentioned there which are practically not exported at all.

1885. You say: "We are not aware of any prefer- "ences (secret or other) in the matter of homeward "rates having been accorded to favoured shippers, "which are not accorded at all." Do you think you would know if there were cases?—I think we should. The business is within very small lines, and I think we should soon hear if there were any.

1886. The Government, I suppose, would not have many shipments, would they? They would not have shipments home?—No, I do not think so, except they are shipping a few mealies on behalf of the farmers, but I think the farmers prefer to trust the merchants rather than the Government.

1887. How would the Government ship mealies?—They realise them for farmers. They have offered to do that for the farmers in the home markets.

1888. To sell their mealies for them at home?—Yes, and cable out the money.

1889. That is quite modern, is it not?—I think it is quite lately.

1890. It has not been taken advantage of?—I understand only about 1,000 muids, so far, have been shipped by the Government, and many thousands by the merchants. I do not think the farmers are prepared to put themselves in the hands of the Government.

1891. You say: "The quantity of cargo available at "any one time for any one destination is seldom so "large that it would be practicable for a combination "of shippers to charter tonnage in the open market"?—That is as far as the Natal market is concerned. During the height of the season it might be done, but only very occasionally. With a market where we only ship 8,000 tons during the whole 12 months, you cannot do very much.

1892. It is a season?—It is a season, but it is a season which lasts only seven to eight months, so that after all we have not much more than 1,000 tons per month.

1893. The bark is a season trade?—Yes, that comes in during the winter season.

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1894. Then you say: "The principal export articles "find their most favourable market according to "circumstances in various consuming centres in Great "Britain, the Continent of Europe, and elsewhere, and "the task of having the goods delivered at their "various points of destination, with or without tran- "shipment, with efficiency and the least possible "delay, can only be carried out by a complete and "well-organised service." Do you attach great importance to the well-organised and regular service?—We do attach very great importance to that. The produce is bought by auction, usually in Maritzburg on the Monday and in Durban on the Tuesday and Wednesday, and possibly some private sales are closed on Thursday. We always have it away by the Saturday's boat. It is pressed on the Friday and leaves on Saturday.

1895. Is that a mail boat?—No, they are the Natal direct Lines. The mail boats go on Thursdays.

1896. (*Sir John Macdonell.*) Are you in any way connected with any Shipping Company?—No.

1897. As agents?—In no way. Nor are any of the firms that have signed this memorandum.

1898. Has this matter ever been discussed at the Chamber of Commerce?—A notice was issued, but they did not get a quorum.

1899. Was that notice issued recently?—Yes.

1900. And no quorum attended to discuss the matter?—No.

1901. Do you know whether in any past year any resolution, favourable or unfavourable, has been passed by the Chamber of Commerce on the subject?—I could not say.

1902. Do you know of the existence of a body called the South African Merchants' Committee, in London?—No, I know nothing about the trade at home.

1903. It is not a trade committee, but a committee which professes to represent the interests of persons engaged in the South African trade. You do not know anything about it?—No, but I have seen notices in the newspapers about it.

1904. You do not regard it as in any way representing your interests?—No.

1905. You are satisfied, as I understand, on the whole with the existing state of things, but all the rates with which you are satisfied are rates over which you have no control?—We have no control, but if we are not satisfied with the rates, we could always ship with some other Line. We could sacrifice our rebates; it has been done before. As a matter of fact, they were not really sacrificed in the long run.

1906. Do these shipments by outside steamers from time to time take place?—At considerable intervals, I think.

1907. What is the latest case that you can think of?—I think the latest case was the Houston case. Nothing later than that that I am aware of.

1908. Is it the fact that as regards the rates and any change in the rates you are entirely at the mercy of the Shipping Combination?—To a certain extent.

1909. Subject to forfeiting your rebates?—Yes. We have mostly found that they have been willing to meet us on many points. I could mention the instances where we used to make shipments by sailing vessel to America, and we were forbidden under this agreement to make such shipments unless by sailing vessels of the Rennie or Bullard King Lines. That is in terms of the agreement. I wished to make a shipment to America direct, and to get the lowest sailing vessel rate, and I went to the Conference Lines and asked them for leave to do so without forfeiting our rebates, and after a little negotiation they agreed that we should be allowed to charter a sailing vessel direct to America without forfeiting the rebates. As a matter of fact, we did not ship direct from here by sailing vessel, because we could not get a sailing vessel at a rate which suited us, but they took the stuff at a low rate to East London; we shipped it by sailing vessel from East London with the consent of the Conference Lines, so that when there was any point raised of that sort we have always found they were willing to meet us.

1910. You do not send any consignments by the coasting trade, do you?—No, with that one exception that I am speaking of.

1911. (*Chairman.*) That was only for transhipment?—Yes.

1912. (*Sir John Macdonell.*) Have you a large choice in regard to the ports on the Continent to which you may ship your goods?—Yes, we can ship under this one rate from the South of France, Marseilles, to Hamburg.

1913. To all ports?—To all ports between those points that they take freight to. That includes Dunkirk, Calais, Antwerp, Bremen, Hamburg, and, I think, Havre and Bremerhaven.

1914. East of that would you be able to send wool?—I have no doubt they would take it anywhere. They would take it to Odessa, in the south of Russia. Many years ago we did have shipments there.

1915. You never have experienced any difficulty in regard to ports of destination of your cargo?—Not the slightest.

1916. May I take it that, as far as you know, the opinion which you express is shared not merely by the signatories to this memorandum, but by exporters generally in Durban?—I cannot speak for any but those who signed this memorandum, but they are the shippers of three parts of the produce from Durban.

1917. Are you aware of the existence of any dissentient minority?—I am not aware of any, but I was told when I came over here on Saturday or this morning that there was going to be some evidence with regard to wattle bark.

1918. You know of none?—I have heard of none.

1919. We have had evidence from importers unfavourable to the rebate system, and we have had evidence, such as yours, from exporters, favourable. Can you explain the cause of that difference of opinion?—I do not know. There is always a difference of opinion on these matters.

1920. Take the difference of opinion between these two classes. Might I make a suggestion, and you tell me whether it is correct or not. Take first that of the exporters. He sells in many cases at a laid-down price?—That is so.

1921. And in accepting that price he will take care that it covers the freight which he knows?—Yes.

1922. The ruling price being determined by the general conditions of the wool trade, he will not be able, as a rule, to throw the price of any additional increase in freight upon the purchaser at home?—No, not if he buys the stuff. If the rate is increased after he has bought the stuff he will have to suffer.

1923. The consequence is that, speaking generally, unless he is of a speculative turn of mind, he will be in favour of fixity of freight?—Yes.

1924. In some cases, if not in all, you export to sell for a particular market?—We export to sell to many markets.

1925. At particular seasons?—Yes.

1926. Therefore I presume that at all events in some cases he will be exceedingly anxious to have, as a rule, certainty and promptitude of sailing?—That is so.

1927. That is so far as the exporter is concerned. I am anxious to get any corrections of these mere surmises on my part. Take, next, the case of the importer. He, whether he buys c.i.f. or f.o.b., will be able to sell at a price which will recoup him for a rise in the freight by his customers, if all his competitors fare alike? Would not that be so?—Yes, provided, of course, the rise in freight does not come after he has bought the stuff.

1928. Even if it comes after he has bought the stuff, provided everybody else fares alike? Would not that be so?—They would all suffer alike.

1929. And in some cases, within limitations, and with certain exceptions, he will be able to put the rise upon his purchaser here?—I do not quite follow. If he is the buyer on this side—if the freight market is raised against him after he has bought the stuff, he has to stand the loss.

1930. Unless he can put the rise on the consumer here?—He cannot do that if he has bought the stuff at a low rate of freight.

1931. I am now asking you to consider the transaction between him and the consumer?—I quite understand the point, but what I am speaking of is——

1932. One moment. The point I am putting to you is that the importer does not so much mind fixity of freight; what he wants is equality of freight; is that so?—Yes, he wants equality of freight.

1933. I make that suggestion to you as a partial explanation of the slight antagonism that exists between the exporter and the importer. Is that a correct explanation?—I do not consider that there is an antagonism on this matter between the exporter and the importer. Really, as a matter of fact, the exporter and the importer are practically the same people. Many of the firms here are buyers on commission, and they are buying entirely on behalf of manufacturers at home, and, therefore, the manufacturer you can look upon as an exporter and importer also, only the man who buys on commission here is not allowed to exceed the certain limit he has to buy on. If he exceeds that, whether it is the freight which causes him to do so or not, he will have to pay.

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1934. There is one more question. Are you in any way acquainted with the trade in coal here?—No, I know nothing about the trade in coal.

Mr. HEDLEY SALMON, Secretary to General Manager of Natal Government Railways, and Captain JOHN RAINNIE, Port Captain, examined.

(*The witnesses handed in the following statement.*)

Question 1.—The extent and nature of the cargo imported by the Government?—Complete statement herewith. This shows the under-mentioned tonnage calculated at actual weight or measurement (40 cubic feet per ton) at shipowners' option from the following countries:—

SUMMARY showing Tonnage and Value of Goods Imported by Natal Government for Year ended 30th June, 1907.

Where from.	Tonnage.	Per centage of total tonnage.	Invoice value.	Per centage of total invoice value.
	Tons ft. in.		£ s. d.	
United Kingdom direct shipments.	18,996 2 8	—	210,002 17 9	—
United Kingdom shipments purchased c.i.f.	99 12 0	—	273 3 4	—
Total U.K. ..	18,995 14 8	67·25	210,276 1 1	73·54
India direct shipments	2,099 1 4	—	39,622 15 4	—
India shipments purchased c.i.f.	439 7 7	—	6,409 2 0	—
Total India ..	2,538 8 11	8·99	46,031 17 4	16·10
America direct shipment	264 6 1	·87	4,054 7 1	1·41
Canada shipments purchased c.i.f.	113 1 0	·40	388 14 5	·14
Australia shipments purchased c.i.f.	2,292 14 10	8·12	9,408 2 6	3·30
New Zealand direct shipments.	5 22 0	·02	167 10 10	·06
Java shipments purchased c.i.f.	4,055 13 3	14·35	15,577 19 1	5·45
Total	28,246 0 9	—	285,904 12 4	—

Question 2.—The methods by which the shipping business of the Government is conducted, and particularly:—(*a*) Whether shipments are made by the Conference Lines as a matter of course, or whether tenders are invited in the open market?—The Government has agreed rates of freight with the Conference steamship owners; the existing contract having been entered into for a period of two years from the 1st July of this year. Shipment of stores is arranged by the Agent-General for Natal as circumstances require.

Question 2 (*b*).—Whether the Government is bound by the rebate system?—No.

Question 2 (*c*).—Whether the Government is accorded (under contract or otherwise) lower rates than those accorded to merchants, and, if so, what is the extent of such preference?—The contract rates of freight accorded to the Natal Government are reflected in annexure, attached hereto, comparison being shown between the Government and the ordinary public freights. (*See Appendix XXV.* (*a*).)

Question 3.—Whether regular sailings and stable rates are regarded as essential or desirable by the Government from the point of view of administration, and if so, whether such regular sailings and stable rates are, in the opinion of the Government, only obtainable under the rebate system?—Regular sailings and stable freights are, from the view of administration, considered desirable, but we are not prepared to admit, without experience, that regular sailings would not result in an open freights' market; from our knowledge, however, the rebate system lends itself to stability of freights which would probably not obtain in an open market. The rebate system, as affecting the question of stable freights, is one which more particularly concerns the mercantile community, and, as already pointed out, Government is not, under existing conditions, directly concerned in that system.

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Question 4.—Whether it would be practicable for the Government to make arrangements for the shipment of their goods by chartering steamers in the open market?—Assuming that there were no agreement with the "Conference" owners, it would be practicable for Government to charter its own steamers for full cargoes; but the requirements of the Administration would still necessitate a frequent service for the many shipments of stores in smaller quantities, which are required at frequent and regular intervals.

Question 5.—What course has been adopted by the Government when an opposition line has been started?—No action has hitherto been taken.

Question 6. Whether it would be possible for the Government to use their shipments and the mail contract as a means to obtain better terms for merchants?—This is a political question, and we are not in a position to discuss same.

(*Chairman.*) I thought perhaps you would kindly give your evidence together, and then if you differed in any way, you would be asked to give any modification of the answer afterwards. I will ask my friend Sir John Macdonell to take the evidence-in-chief.

1935. (*Sir John Macdonell.*) Mr. Salmon, what is your exact position?—(*Mr. Salmon.*) I am Secretary to the General Manager of the Natal Government Railways.

1936. What is your office, Captain Rainnie?—(*Captain Rainnie.*) I am Port Captain.

1937. I believe you have been kind enough to prepare a memorandum stating the nature and extent of the cargo of various kinds imported by the Natal Government, and in that statement is a table of tonnage calculated at actual weight or measurement and also showing the importations from the various countries. I believe goods are imported at weight or measurement at the shipowners' option?—(*Mr. Salmon.*) That is so.

1938. Does that rule prevail universally?—It does.

1939. The first statement you have prepared is a summary showing what the tonnage and the value of goods imported by the Natal Government for the year ending the 30th June last is. Without taking you into the details of the statement, I believe that the second column shows the tonnage. What does the first column show?—It shows the tonnage, if you are referring to the summary; the next column is the percentage of total tonnage.

1940. The total tonnage of what?—The total tonnage imported either by weight or measurement from the various countries which are shown.

1941. By the Government?—By the Government.

1942. The next column shows the invoiced value of the total goods, and the statement also shows that the Natal Government import goods not merely from the United Kingdom, but from India, America, Canada, Australia, New Zealand, and Java?—That is so.

1943. I do not find that in that statement any reference is made to importations from Germany or

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other Continental countries. Are there any such?—The statement reflects the total importations.

1944. In past years have there been any importations from Germany?—I cannot speak just at the moment, but I have papers which will indicate whether such has been the case or not. (After referring to papers.) During the last 2½ years, as far as my papers show, no importations whatever have been made from other than the United Kingdom and the other countries mentioned in the summary.

1945. Then you have been good enough to prepare a series of statements, giving details of the summarised statement, and the first that I have before me is a summary of the freight statement so far as it shows the dealing with all these various countries from July 1st, 1906, to June 30th, 1907. I think there is added a note that 1,193 tons of merchandise cleared for the Public Works Department, Military, Police, &c., is not included in the above statement. Why is that omitted?—The storekeeper, who prepared this statement, is not the medium for importing articles or commodities for the Militia Department, but as it is a part and parcel of Government importations I thought it desirable to include it.

1946. In the totals which are given in the first summary are such importations included?—No, they are not included.

1947. Can you say how far the first statement would be modified if such were included?—To the extent of the 1,193 tons.

1948. You have also prepared several statements, going somewhat into detail with respect to the importations for the various Departments; and the first is a statement dealing with the Construction Department. I notice such articles as fencing material. That means wire, I suppose?—Yes, for fencing the railway line.

1949. That material could be procured, I presume, here in Natal or the Cape Colony?—Not to the extent required. If you desire to know the value of the local purchases I can give you that.

1950. Without going too much into detail?—Locally, for the year ended 30th June last, general merchandise was purchased in the Colony of Natal to the value of £54,572.

1951. I see there is a separate table dealing with stationery. The next statement is one which relates to the Stationery Department, and I presume that included in it are articles which might have been purchased locally?—The rule which regulates the purchase of stationery in the Colony is that as far as possible all such must be purchased here. As a matter of fact, all our printing is done in the Colony.

1952. Here is a statement—not amounting, it is true, to a large amount—as to stationery imported?—There is a tonnage of 23 tons, including such articles as carbon paper, pencils, book-binding cloth, and pens.

1953. The next statement to which I call your attention is that which you describe as a freight statement for general stores, and I see that it includes not merely, as one might expect, rails and bridgework, but paints, brushware, tallow, blankets, nails, soft soap, and cement. Some of these articles could be procured and purchased locally, could they not?—As I said before, as far as possible all articles that can be purchased within a reasonable difference between that and what the Government can import them at itself are purchased in the Colony. If a merchant asks an exorbitant price, we go home for it; but in every case he is allowed a reasonable profit.

1954. Then there is a statement dealing with the goods imported from India, which chiefly comprise rice. A further statement deals with goods imported from America. I note that your statement includes nails, lampware, saw blades. Could these be procured at the same price, or much the same price, from the United Kingdom?—No. We find that in purchasing such articles as these in the United Kingdom the majority of them originally come from America, so that to import them from the United Kingdom would be an indirect importation, at a greater cost.

1955. Would you say that of nails?—Not necessarily of nails. There is a very small quantity imported here, only 33 feet altogether—less than a ton.

1956. Would you say that of chairs?—Yes, to a great extent.

1957. They could be procured cheaper, freight apart, in America?—It all depends upon the particular class of chair.

1958. What would be included under this?—Office chairs—the wooden chairs. They can be imported cheaper from America than from the United Kingdom.

1959. You are now speaking of the price apart from the freight?—Yes, the original price.

1960. Would you say that was true of lampware?—Not necessarily; it is just possible that this is a very small percentage. Lard oil would be possibly the main item in this 16 tons

1961. Have you made a practice of purchasing your office chairs and lampware in America?—Not necessarily, it is a question of quotations; if the quotation is cheaper we take advantage of it.

1962. And the last of that class of statements is one which gives the goods imported from Australia, New Zealand, Java and Canada. That statement includes mainly, as one might expect, sleepers. Reverting to your summary, can you give me any idea of what proportion the total of that tonnage imported bears to the total tonnage imported into the Colony?—I can give you approximate figures. The total importations into the Colony were 563,000 tons—it is about five per cent.

1963. Have you any idea what the proportion of the invoiced value bears to the total?—I will supply that.

1964. You have been asked as to the methods by which the shipping business of the Government is conducted. Perhaps you would explain whether or not the Government invites tenders for its shipments?—The Government has not done so within my experience.

1965. Your experience extends for how long?—For the last eight years I should say, as far as these contracts are concerned, but so far as I understand, Government has not, so far as the United Kingdom is concerned, called for public tenders. I believe some time ago the Crown Agents for the Colonies called for tenders, but so far as Natal is concerned, beyond watching the result of those tenders, she has not taken any action herself. As far as I am aware, in no instance has a public tender been called for, so far as the United Kingdom is concerned.

1966. Does that hold good as regards importations from the other countries mentioned in your statement?—The conditions are altogether different. We generally call for tenders for sleepers from the United Kingdom, Australia and locally, such tenders to include a c.i.f. price. We naturally take the lowest price, on condition that the goods are up to the standard requirements, but so far as the Government itself is concerned, it does not call for tenders from shipowners.

1967. Have the shipments of this last class of importations that you are speaking of been made by lines outside the Conference?—From countries, other than the United Kingdom and those served by Conference Lines, the matter is left to the contractor. From Australia the Conference Lines have no steamships running.

1968. As regards the great bulk of what is imported, I take it from your answer that the Government has entered into agreements as to the rates of freight with the Conference Lines?—Yes.

1969. And only with the Conference Lines?—Only with the Conference Lines.

1970. When did the present contract begin?—The 1st July of this year, and it extends for two years.

1971. As regards the shipment of stores, what is the arrangement?—Shipments of stores are made by the Agent-General as required, and in all cases such are sent by the boats of the Conference Lines.

1972. I understand from your statement that the Natal Government are not bound by the rebate system?—No.

1973. No circular similar to that which is issued to ordinary shippers is sent to them?—We have copies, but they are not sent to us officially.

1974. Now I come to an important question, and that is whether the Natal Government receives from the Conference Lines lower rates than those which are accorded to merchants?—That, I understand, is the case?—The contract rates of freight accorded to the Natal Government are reflected in the statement which I handed in.

1975. I am coming to that. I would like to ask you one or two questions about it. You kindly prepared a statement showing the Government freights and the nett freights paid by the general public here, and these rates are calculated at so much per ton or so much per 40 cubic feet. Taking class No. 1, it would appear that the rate paid by the Government is 41*s.* 1*d.* as against 52*s.* 6*d.* paid by the general public?—That is so.

1976. Being a difference of 11*s.* 5*d.*, or—if I am not mistaken—about 21 per cent.?—That is so.

1977. The rate for class 2 is 33*s.* 1*d.* as against 39*s.* 4½*d.*, showing a difference of 6*s.* 3½*d.*, or a little over 20 per cent., and dealing with classes 3, 4 and 5, they show a difference in favour of the Government of 3*s.* 5*d.*, 2*s.* 9½*d.* and 2*s.* 2*d.*, or—if I am not mistaken—a difference in percentage of 10·8, 9·8 and 8·2?—That is so.

1978. So that the difference in favour of the Government is greatest as regards the lower class rates—3, 4 and 5?—No, it is greater in case of No. 1.

1979. It is my mistake. That is what I meant. The difference is greatest in the case of No. 1; less in the case of No. 2; still less in the case of No. 3, less in the case of 4, and least in the case of 5?—That is so.

1980. I take it that classes 5, 4 and 3 would include comparatively few articles in which the local seller could compete?—They include the rougher class of goods, such as rails and so on.

1981. At all events, as regards classes 1 and 2, in which there is the largest preference, they would include articles which might be supplied locally?—That is so.

1982. So that it would seem that a possible local supplier is at a considerable disadvantage?—I may say that the difference is so small—11*s.* 5*d.* is the greatest differentiation in our favour—is so small when it comes to working out single commodities or commodities in dozens, that the allowance given by us to the merchants is considerably more than the difference in the freight. That is, we are not going in any way to handicap the merchants because the difference on a ton of locally purchased articles is only a matter of 11*s.* 5*d.* I dare say it would run into £2 or £3. As I say, we would give him a fair margin of profit. But there are instances, which I could get if necessary, in which some merchants would perhaps ask 50 per cent. profit, and in such cases naturally we take advantage of our position.

1983. So that, in your estimation these preferences—even those as to classes 1, 2 and 3—do not practically operate very disadvantageously to the local people?—No, as is indicated by the mere fact of our purchasing locally £54,000 worth of goods, plus £8,000 for stationery which we could have imported at a saving to the extent of at least the difference in the freight.

1984. Then, further, there are certain special rates—rails and full cargoes 17*s.* 6*d.* nett, and similar articles in small parcels at 18*s.* 6*d.* Have you any opportunities of knowing what would be the charge in the open market for that?—We can only assume that such goods would be comparable with the 4th class rate, but I am not aware of any instance where the public have ever imported rails. It would never do for them to import them; it would be too much of a speculative transaction.

1985. There is further information as to goods carried under clause 4 of the Crown Agents contract. I am not sure I know what that clause is?—May I read it? I may say that this contract, under which we were working, had as its basis a contract which was made between the Crown Agents for the Colonies and the Conference Lines, so that it is somewhat difficult to follow. It simply says that the following articles, which in this case amounted to 2,500 tons——

1986. What are you reading?—The contract entered into between the Crown Agents and the shipowners in London on the 17th February, 1904. Clause 4 is rather irrelevant to your enquiry. "For the 2,500 tons of rails "and accessories, 18*s.* 6*d.* per ton." Then it goes on to give the following articles:—"for locomotives and rail-"way carriages, bridgework, buildings for stations, work-"shops"——

1917. Without troubling you to go through it, all the articles which you specified in this statement?—Are carried at 25*s.* excluding landing. In the subsequent contract which was entered into, the majority of these items were withdrawn from this clause 4 and were placed in the ordinary merchants' classification. When I say the majority, I mean such things as buildings, stations, workshops, bricks, baths, castings, cement and numerous other articles.

1988. There was a residue left under this clause?—Which is given in the enclosure which I have handed in.

1989. So that at the present time the rate for them is 20*s*, plus 2*s.* 6*d.* for landing charges?—Yes.

1990. You are further asked whether in your experience regular sailings and stable rates are regarded as essential or desirable for the Government; and, if so, whether such regular sailings and stable rates are, in the opinion of the Government, only obtainable under the rebate system. You say "regular sailings and stable "freights are, from the point of view of the Administra-"tion, considered desirable." What are the advantages that you have in your mind when you speak of them being desirable?—The advantage is, so far as regularity of sailings is concerned, that we require our stores at regular intervals. If we get a weekly shipment, or even a more frequent one, it necessarily follows it is not necessary to put so much money out, and gives us the opportunity of importing the most modern appliances from time to time.

1991. Is it your policy not to keep large stocks or stores of commodities?—Certainly. We do not wish to expend more money than is necessary. It is possible that if stores are imported in large quantities, by the time they are all required quite a number of them will become obsolete.

1992. Is it the trend of your policy to keep less and less stocks?—That is so.

1993. And for that reason and others you desire regular sailings. Then you say "stable freights are considered "desirable." What is the reason for that?—We like to know where we are. It is possible if there were an open market that the rates might be very much less than they are: it is equally possible they might be more. I prefer not to express any opinion: we have had no experience.

1994. Might I ask you whether you are prepared to express an opinion as to whether in an open market the rates would be as stable as they are now?—Without experience I desire not to express any opinion.

1995. The Government, as you have told me, is not affected by the rebate system?—When I say that, we are to the extent of Indian shipments, but they are so small as to be hardly worthy of consideration. That is the only exception.

1996. The next question which you have been good enough to answer is as to the practicability of the Government making arrangements for the shipment of the goods which you have described by chartering vessels in the open market. Do you think that if you had no such contract as you have described with the Conference Lines you would be able to charter vessels?—If we were free, certainly.

1997. Would it answer your purpose quite as well?—It would, assuming that we were importing large quantities of material for construction purposes.

1998. Assuming that you adhered to the policy of buying small quantities from time to time, would it be practicable for you to charter steamers?—Only for such quantities as we could get full cargoes.

1999. That would mean rails?—Rails, bridge work and such like things.

2000. Sleepers?—We get them in shiploads as it is, with the exception of Baltic sleepers, which if imported *via* England possibly come under the Conference contract.

2001. Would it be applicable to a number of the minor articles which are mentioned by you in these interesting statements—paints, brushware, nails, buckets, candles, and so on: would it be applicable to them?—No. We prefer to import those at regular intervals and as frequently as possible.

2002. You have been asked the question, what course was adopted by the Government of Natal when an opposition Line to the Conference system was started?—No action has been taken by the Government.

2003. Did you, during the time that the freight war was going on—in 1902 or thereabouts—in any way deviate from or alter your course of action?—I think not; I can tell you in a moment. I have a summary of what was done for a number of years past. (*After referring.*) No, we were then under a contract, so we were not in a position to take advantage of the freight war.

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2004. The contract was running at that time?—Yes.

2005. After that particular contract had run out, did you renew your contract?—We have been under contract, as far as I can ascertain, since May of 1903—possibly prior to that, but I have no documents to support that statement.

2006. Now I come to a question which I am not very hopeful you will answer, but which it is my duty to put to you, and that is whether it would be possible for the Government to use their shipments and the mail contract as a means to obtain better terms for their merchants?—I am sorry I am not authorised to answer that question.

2007. You have, in effect, perhaps answered this question. The total of your shipments amounts to, I think, 2½ per cent. of the total importations?—It should be 5 per cent. approximately.

2008. Even with that qualification, it is not a very important factor in the total importations?—I should like to say that our importations for the year under review were just one-half of what they were for the two years immediately preceding. I will hand in a statement showing the tonnage of importations for the year 1905–6 and the year preceding that. From July 1st, 1904, to June 30th, 1905, we imported 41,131 tons.

2009. Nearly double?—Yes, and for the year ending 30th June, 1906, we imported 47,900 tons. Last year we were all hard up, and we could not afford to build many railways. Capt. Rainnie reminds me that the commercial importations in that period were heavier than they were during 1906. I have quite a lot of figures here, which I would like to hand in. I should like to put in a number of statistics with regard to the Colony's importations, and exports as well.

2010. For the moment I will not ask you about that. Could you tell me what was the year in which were the maximum importations?—In 1903—that is, commercial importations. I have not the Government importations. That year 1,287,508 tons came into the country.

2011. What was the time during which the Government importations reached the maximum proportion of the total importations?—I cannot say that without making further enquiries. I can supply the information. I have nothing prior to June, 1904.

2012. Taking the years from 1904 to 1907?—In that case the year ending 30th June, 1906, shows the bigger proportion.

2013. (*Chairman.*) On the first page of your brief the second column—tonnage—is a mixture of weight tons and measured tons?—Yes.

2014. It does not represent anything very much; it is a conventional figure?—It does not represent either weight or measurement; it is part of both. It is ship's measurement. We would prefer the ships to charge dead-weight.

2015. On the next page—Question 2 (a)—you speak of this contract for a period of two years from the 1st July of this year. That was a contract arranged, I suppose, by the Agent-General in London?—Yes; it was arranged when our Prime Minister, Mr. Moor, was home.

2016. How does that work in with what you say on the statement about the freights paid by the public and paid by you for goods carried under clause 4 of the Crown-Agents contract? They do not contract for you now, do they?—The basis of the existing contract was one which was made between the Crown-Agents and the shipowners in 1904. We had the benefit of accepting that contract if we desired it. The Government took advantage of that particular contract, and all rates of freight have been based upon that, modified from time to time as the contract has been renewed.

2017. For a good many years the Agent-General for Natal has bought your supplies, has he not?—He does buy our supplies now.

2018. This was an exceptional case, the Crown-Agents entering into a contract for you?—We took advantage of a contract which was entered into between the Crown-Agents and the shipowners. The shipowners said "Here "is a contract which we have made with the Crown-"agents. We make you the offer of accepting it if you "desire to accept it." That was on the termination of the then existing contract. The Government thought that the contract was good enough and accepted it.

2019. It is rather a curious exception. Has it ever been proposed to extend that principle, that your Government should join in with the Crown-Agents?—That was not the intention at all; it was simply taking advantage of a position which existed at the time.

2020. It might be an advantage at another time?—Possibly. We always take advantage of the lowest market, and it was simply a condition which existed at the time and which, as I say, we took advantage of; but our medium of making such arrangements generally is our own Agent-General. I would like, if I may be allowed, to just state why in our opinion lower freights for Government stores should obtain. The nature of the goods imported by Government is, generally speaking, quite distinct from those imported by the general commercial community, consisting principally of rails, sleepers, bridgework, rolling stock and articles of that sort. These are not liable to the same risk as ordinary commercial commodities, and are moreover imported in large quantities. Low freights to Government are naturally to the advantage of the whole community as if high freights were charged, such additional expenditure would fal directly or indirectly upon the taxpayer. Low freights moreover, by cheapening the cost of new works, such as railways, help forward the development of new Colonies to the advantage of all. As I stated just now, it is not possible for merchants to keep in stock large quantities of rails on the chance of the Government purchasing them. They deteriorate, especially on the coast.

2021. Do you make that a rough distinction between the goods which you get locally and the goods which you import—by taking things which a merchant would stock or would not stock?—That is the general principle adopted, although we do take advantage of the lower freight in some instances, where it would only be a matter of a mere importation through an agent as against importation by ourselves from the same individual.

2022. We have had in evidence from some of our commercial witnesses—they have drawn that line, that the Government has no business to import goods which it could get from the stock of a local merchant?—In answer to that, my reply is that as far as possible, as indicated by the figures I have mentioned, we do purchase our stocks locally.

2023. I suppose if you found that the goods were being raised by a Ring against you —— ?—In the interests of the Colony, as we serve the public, we would buy in the cheapest market. If there were such a thing as a Ring to put up prices against us, I think that in such a case we would be quite justified in keeping a free hand in the matter.

2024. With regard to the Government freights and the nett freights paid by the general public, you quoted some figures. Could you explain to me what the East London old rate means?—The reason of that is, under the new arrangement, up to the 1st July last, certain reductions were given to the commercial community, but Government did not participate in that reduction.

2025. What is the 20 per cent.?—As far as Durban is concerned, we are paying East London commercial rates, less 6*d.*, less 20 per cent.

2026. There is no other calculation for us to make?—No.

2027. I was afraid there was something else we ought to deduct?—No.

2028. As far as the importations are concerned, you are satisfied with the present system?—They have served us very well. We would like to have cheaper rates of freight, if possible.

2029. You think it is quite justifiable for the good of the general public that you should have lower rates than an ordinary importer pays?—I have already expressed my views on that question.

2030. You are aware of what went on about a year-and-a-half ago, when your Colony was represented in London, when the Governments met the shipowners, and a draft agreement was produced which would have left a very small difference between freights paid by Government and those paid by the ordinary importer. You never saw that agreement?—I did see something in regard to it, but I am not authorised to speak in regard to that. I would prefer not to speak of it.

2031. You know your Government were represented there?—Yes. I think a number of things were discussed there, which possibly, if the whole had been accepted, we would have been agreeable to accept, but as they were not accepted I prefer not to discuss the question.

2032. Capt. Rainnie, are you also in that position?—(*Capt. Rainnie.*) I am quite in the same position.

2033. I would ask you, what do you consider has been the effect upon railway rates of these shipping rates of the Conference?—(*Mr. Salmon.*) In what way?—Do you refer to the recent reductions?

2034. I refer to what has been going on for some time. Changes are constantly being made. When a change has been made in the shipping rate, should you counteract it by a railway rate?—In all our negotiations which have taken place between the various railway administrations in connection with the establishment of the relation between the railway rates from the several South African ports to the Transvaal—this is the Natal point of view—no mention has ever been made of sea-freights: that is, no mention has ever been made of sea freights as far as they play any part in determining such relationship. Other people held a different view. Our view is that they are totally dissociated. Natal has spent a very considerable sum of money in improving its harbour and providing facilities, for which it has not hitherto reaped any benefit in so far as reduced freights are concerned. Other administrations say that when the railway rates were established sea freights were just as great a factor as railway rates. We repudiate that. We say there is absolutely no association, and I may say that in 1903 certain reductions were made on the ocean freights to other ports than Durban, but the Natal Government, not, as I say, considering that there is any relationship between railway rates and ocean freights, did not object, so far as other administrations are concerned, to such reduction. They certainly protested that Durban was being rather left out in the cold and was not receiving the same treatment as other ports.

2035. But if they saw the through traffic falling away in consequence of any reduction in the ocean rates to other ports?—We made our representations to the shipowners, but we did not consider that it came within our province to protest to other administrations in South Africa because we dissociated ocean freights from railway rates. If another administration was fortunate enough to get lower freights, well and good. Our quarrel was not with them but with those who gave them the lower freights. From the 1st July of this year Natal's position was recognised to a certain extent, if not as fully as it should be, by the Conference owners, and certain reductions were made in the ocean freights to Natal. We participate in these reductions so far as the Colony itself is concerned, but when we enter into the competitive arena we find that the action of the Conference owners in at last recognising to some extent our position has been nullified by the action of other administrations in penalising the railway rates to the extent of the ocean freight reductions.

2036. I did not mean to take you at length upon the railway question?—It is possible this point may be raised, and I am glad you gave me the opportunity because I believe this point will be raised elsewhere if you allow it to be raised.

2037. We cannot always keep it out?—I hope you will keep it out.

2038. We are very glad to hear your explanation of it. Capt. Rainnie, I should like to ask you one question. From your great knowledge of shipping and so on, you are satisfied with the Conference steamers that do business at this port—I mean, satisfied as to their accommodation, as to their regularity of sailing and their speed and so on?—(*Capt. Rainnie.*) Quite satisfied.

2039. Would you be at liberty to tell me whether you think, if the rebate were abolished, that the service would be as good?—I do not think I am at liberty to discuss that point. It is a commercial question.

2040. Did you have much experience before the rebate system was introduced?—The rebate system has been in vogue since I came to the Colony.

2041. You have been working under it all the time?—Yes.

2042. You cannot give us any evidence as to what happened before?—None whatever.

2043. (*Sir John Macdonell.*) One question with reference to the subject of railway rates, I will not pursue it at great length. I am not sure I understand what you mean by saying that there is no connection or relationship between the over-sea rates and railway rates. That may be applicable to traffic terminating in the respective ports, but it is applicable to "in-transit" traffic?—(*Mr. Salmon*) I admit that any disturbance of ocean freights has an effect upon railway rates, but what I say is that in the establishment of the railway rates there was no mention made of ocean freights being a factor.

2044. You merely want to record the fact that that was not taken into account?—It was not taken into account. I may say that the High Commissioner, I think in October of last year, negotiated a temporary settlement as to the rates. There was at that time a very considerable amount of rivalry and disturbance of position in consequence of Natal having gained a railway connection within the Orange River Colony: the Cape thought we were getting more than our due and they wanted the position readjusted so that the effect of Natal's connection with the Orange River Colony should be null and void from the Natal point of view. This position reached a very interesting stage when the High Commissioner intervened, as I think he was justified in doing, with a view to settling these differences: and suggested a temporary settlement which was agreed to by the parties concerned. During the period of this *modus vivendi* this reduction in ocean freights to Durban took place, and His Excellency considered that having regard to the *modus vivendi* there should be no disturbance in regard to railway rates, and he could not but consider that the ocean rates were a disturbing factor, but only in regard to the period during which this *modus viviendi* operated.

2045. That answers pretty nearly the question which I desired to put, which was this: whether any arrangements as regards railway rates is not liable to be disturbed by a change in the over-sea freights?—Certainly; it does disturb the total cost from the port of shipment to destination if that destination is on the railway line.

2046. And that the power of disturbing this railway arrangement in the last resort rests with the Conference Lines?—As I said before, I wish you to clearly understand that from the Natal point of view we distinctly dissociate railway rates from ocean freights. Our Colony has been to great expense in improving the harbour and making it one of the best in the world, the expenditure being a matter of 3½ millions of money. Surely we are to reap some benefit from that! Whereas our neighbours in competition for the same trade have not spent very many thousands. We might just as well have remained inactive.

2047. (*Chairman.*) You think that that justifies you in keeping your railway rate?—We say that if we make the port attractive to shippers and they find they can come here at a relatively less cost than they did prior to these improvements, Natal should certainly benefit.

2048. You want the benefit?—Certainly.

2049. (*Sir John Macdonell.*) Just one further question. Looking at your freight statement as to general stores and casting your eyes upon the items 4, 5, 6 and 7, do not these include a considerable number of articles which could have been procured locally at reasonable prices?—Iron rivets may have been the main portion of that. We use considerable quantities of rivets and other articles, as Capt. Rainnie mentions.

2050. So that you think these four items do not include to a large extent articles which might be procured locally?—Not to the extent we require them. As I say, we give the local merchants every possible chance of competing against the Home manufacturers.

2051. (*Chairman.*) I should like to ask Capt. Rainnie one question. As regard the exports of Colonial produce here, do you think the liners are well fitted with every facility for carrying these goods?—(*Capt. Rainnie.*) Oh, yes; I think so.

2052. Of course, you recognise it is of great importance that the export of Colonial produce from Natal should increase?—Yes.

2053. And that it should be carried in the best possible condition to the consuming centres?—Yes.

2054. Do you get a great many tramps to carry this produce?—Very few. I think the rate the Conference Lines have given us is very reasonable.

2055. Do you think that the accommodation is better than that of the tramps?—I should say just as good; very much better in a great many instances.

2056. Is there anything you would like to add, because we did not ask you these questions?—No, I have nothing to add.

2057. Your views have been expressed by Mr. Salmon? Yes. Mr. Salmon and I have gone very carefully into these questions, and Mr. Salmon has said all I wish to say.

SEVENTH DAY.

Conference Room, Railway Offices,
Durban,
Tuesday, September 17th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONALD, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. HARRY JAMES BUTCHER, Examined.

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2058. (*Chairman.*) What is your firm?—The name of my firm is S. Butcher & Sons.

2059. What business do you carry on?—We are general importers.

2060. In Durban?—Yes; wholesale importers.

2061. Since when?—The business has been established a great number of years. I have been in business myself 21 years.

2062. Do you give evidence on behalf of your firm?—No; on my own behalf, as an individual.

2063. Not on behalf of any Chamber or Association?—No; I cannot speak for my partners.

2064. Are your partners not of the same opinion?—I would not like to say that.

2065. Still, they do not wish you to give evidence for them?—No.

2066. You say you have no objection to the system of Shipping Rings or Conferences with certain provisions—"(1) That no preferential rates are quoted "to favoured importers." Do you mean by "favoured "importers," large importers?—Yes; large importers on special terms.

2067. Do you include in these "favoured importers," Governments and Municipalities?—No; I think Governments should be able to make special terms.

2068. How as to municipalities?—I think not. I think municipalites should receive the same terms as merchants.

2069. Not even when they are importing materials for public works, such as pipes for conveying water and drains, and so on?—I think they might be allowed to make special contracts for those sorts of things in very large quantities where they do not compete with merchants.

2076. You draw the line, I suppose, that has been drawn by one or two witnesses, that municipalities should get for themselves mainly goods that are not stocked by the merchants?—Yes.

2071. When they do that, you think that they might have lower terms from the shipowners?—Yes, I would have no objection to that.

2072. Then you say: "(2) That the rates of freight "to the various ports are calculated on a logical "basis." Could you kindly explain what the logical basis is?—I mean that the rates of freight should be calculated on a geographical or mileage basis.

2073. Entirely on a distance basis?—Yes.

2074. I suppose you would allow for differences in the condition of the port itself?—I think that ought also to be taken into consideration.

2075. With regard to harbour rates or difficulties of unloading?—Yes, I think that should be taken into consideration.

2076. Distance, harbour rates, and the facilities of the ports?—Yes.

2077. Then you say: "(3) That a quick and regular "service of steamers is supplied by the shipowners at "fair rates of freight." I suppose you have now the quick and regular service of steamers?—Yes.

2078. How could you determine what are fair rates of freight?—It is a very difficult thing for anyone but a shipowner to determine that.

2079. Would you leave it to the shipowner?—I think we must.

2080. That comes, does not it, to the present rates? I suppose the shipowners consider the present rates are fair?—Yes, I believe they do.

2081. You are content to take their estimate?—Generally speaking, yes. If we are dissatisfied with the rate we can agitate for a reduction.

2082. Have you ever been to the shipowners for a reduction in your rates on particular articles?—Yes, frequently.

2083. Have you got what you wanted?—Perhaps not at once, but in time it has come. Take cement, for instance. The rate on cement used to be about 30*s.* from London to Durban, but it has been greatly reduced.

2084. What is it now?—I could not say what it is at the moment. I have not been importing cement lately.

2085. Do you make your applications to the shipowners from your own firm or through the London Merchants' Committee?—We take no notice of the London Merchants' Committee.

2086. You do not belong to it?—We do not belong to it. I do not consider it has any real standing.

2087. Not any real standing as regards the African importers?—No.

2088. Do you think that the firms that belong to that committee are not really representative?—Not really representative.

2089. There are a number of very large firms in it, are there not?—Not very many. I really do not know how many firms are represented. I do not

know more than one or two firms in this town that are.

2090. You do not know more than one or two firms who are doing business in Durban to any great extent who are on it?—No.

2091. You say with regard to the deferred rebates: "I do not object to the principle of deferred rebates, "because I consider that shipowners must be able in "some form or other to some extent to control the "support of importers, if they are to keep them sup- "plied at all times with a regular and efficient service "of steamers. This system does not bind me to "ship solely by Conferences, but leaves me free, by "forfeiting my rebates, to make what other arrange- "ments I please." I suppose you have a large amount of rebates sometimes, do you not?—Yes.

2092. Are you prepared at any time to forfeit them if you want to ship by another line?—We might be prepared to do it if there were sufficient inducement. It would quickly be made up if a very favourable contract were made.

2093. If they have 15 months' deferred rebate in hand, it is a large sum compared to a single contract which you are entering into for one shipment?—It would be for one shipment, but not for a contract over a period.

2094. You think if you had a chance of making a good contract over a long period, it would answer your purpose to forfeit?—Yes.

2095. Have you known cases of any firms making such contracts and forfeiting their rebates?—I have no personal knowledge, but I believe it was done in Cape Colony by a Cape Town firm.

2096. You do not know the time or the circumstances?—No, I cannot give precise information.

2097. Did you follow the London Conference about a year and a half ago between the Governments and the shipowners?—Not very carefully.

2098. You did not read the draft agreement that was discussed at that Conference between the Governments and the shipowners?—I do not remember reading it.

2099. You are satisfied with the present state of things?—Yes, I think I can say I am.

2100. Are you satisfied with the rates to Durban as compared with the rates to other ports?—No. I think the rates to Durban are comparatively higher than they should be, calculated on a mileage basis.

2101. Are you alluding to the rate that has subsisted since this last month or two?—Yes, I am alluding to that.

2102. You think that the rate to Durban is still too high?—Yes. I cannot understand why Port Elizabeth, which is 400 miles away from Cape Town and enjoys the same rates of freight as to Cape Town—why it enjoys that advantage when Durban has a higher rate than Port Elizabeth. It does not seem logical. It would be quite logical we should enjoy the same rates as to Cape Town.

2103. You mean, if 400 miles does not make a difference, 800 miles should not make a difference?—Just so.

2104. Have you ever put those views before the shipowners?—It has been put before the shipowners, I think, by the Chambers of Commerce.

2105. As to rates of freight, you say: "I do not "consider that, taking into consideration the fine "class of steamers provided, the frequency and regu- "larity of sailings from British and Continental ports, "the rates can be considered too high. But I do "consider, as already stated, that the rates to various "ports should be fixed on a logical basis. To a small "extent the shipowners have lately met this objection "by re-adjusting the rates to Natal." Is your business chiefly for Durban and Natal, or is it chiefly through business with the Transvaal and the Orange River Colony?—We do both trades. We have our own places of business in Durban and also our own places of business in the Transvaal, and we do trade in the Orange River Colony as well.

2106. Should you say that your business is about one-third to each, or is it otherwise?—I should think half of our trade is done with the neighbouring Colonies.

2107. As far as the Transvaal is concerned, the alteration of the railway rate would counteract the reduction that was made in the ocean rate?—Yes; it was made with that object.

2108. How would you provide for the settlement of the whole rate through?—I think the sea freights should have nothing to do with the railway rates.

2109. You think they should be quite distinct?—Yes.

2110. And would you make your Delagoa Bay rate on the same basis?. Would you wish to make your freight rate from the United Kingdom to Delagoa Bay on the same basis as the rate to Durban?—Certainly.

2111. A distance rate pure and simple?—Yes.

2112. Taking into consideration, I suppose, the harbour facilities and the harbour rates?—Quite so.

2113. But not taking into account the railway rate?—I would not take into account the railway rate at all. I consider it is quite a separate question.

2114. Then you say, "I do not support the demand "for open rates, because I do not think the same regu- "larity of communications could be maintained. Our "markets would alternately be flooded and bare of "supplies, and merchants would not have the same "security as under established rates." By "open "rates" you mean rates in the open market?—Yes.

2115. You would be pleased to get lower rates, I suppose?—I would like to see the rates as low as possible, but I would like to see them fixed.

2116. Would not you be able to make contracts for a term if you had open rates—contract for equal rates for the next two or three years, say?—For myself, yes, I could probably.

2117. You think not at lower rates than you get now?—It is impossible to say; there is not much attraction to anyone to enter this trade at present.

2118. Just now you have bad times, but we hope trade will revive. Where do you get your goods from—London only?—Europe and America and other parts as well.

2119. From America you do not have the rebate system?—No.

2120. Do you get as well served as from Europe?—No; the ships are slower, and they do not sail very regularly.

2121. The ships take about 33 days from New York, do they not?—I think it is a little bit longer than that.

2122. What else is there in these ships inferior to the English ships, or, rather, the England ships?—I think the ships are very good, except that they take so long to get here.

2123. And the service is not so frequent?—The service is not so frequent nor so regular; the ships do not adhere to their advertised sailing dates.

2124. In your trade is it important you should get your goods at a particular time?—It is very important. I had a recent instance on a vessel called the "Raben- "fels," which was advertised to sail in the first week in June, and she was to have brought goods which were required the first week in July. She did not sail from New York until the 21st June instead of the advertised sailing date, and, consequently, we were without the goods for nearly a month.

2125. Were they ordered goods or were they to be put on the market?—They were ordered goods.

2126. And you had complaints from your clients, I suppose?—They were for our own stock.

2127. What is the difference in rates that you have from New York? Are they lower for similar goods than from Europe?—Slightly lower.

2128. But you get the 3 per cent. preference on British goods?—Yes.

2129. Does not that make up the difference in the freight?—On some goods it might. It might make a difference on bolts and nuts and tubes.

2130. You have not got the figures here?—No, but I have had to work out the respective costs in buying when I was in our London office for some years, and I found that sometimes, although we could get tubes, or bolts and nuts, cheaper in America, either on account

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of the price or on account of the freight, it was counteracted by the 3 per cent. There are not many lines which are affected by it, but there are a few.

2131. Do you import much from Germany?—Yes.

2132. Do you import from inland towns?—Yes.

2133. With a through rate?—Yes.

2134. Which is no more than the port to port rate from England, is it?—It is impossible to say.

2135. You do not deal in the same goods from both countries?—Not very much. We do in some, but I find most of the goods we import from Germany are goods which we could not exactly get from England.

2136. Are there many goods that you import that could be produced in either of those three countries and the difference in freight makes you import from one instead of the other?—There are very few goods. Generally speaking, the goods that we buy from one country cannot be bought from any other country. Of course, iron goods are an exception.

2137. Iron goods come from all three, more or less, especially from the United States and from England. Have you imported agricultural machinery, ploughs, and such implements?—Yes.

2138. How about the ploughs, do you get them cheaper from the States?—Yes, we buy the wooden ploughs from the States.

2139. The cheap ploughs?—Yes, they have the advantage in America of cheap timber, and can produce these ploughs with wooden parts cheaper than they can in Europe.

2140. Is the freight on that plough less from America than from London?—I could not say off-hand, I should think it is, slightly.

2141. It is on account of the intrinsic cheapness of the plough that you buy it from America?—Yes. If the freight was slightly higher than the European freight we would still have to buy that plough.

2142. Surely you can get them from England now?—Not these ploughs. We can buy similar ploughs from England, but at a very great difference in cost.

2143. You are speaking of a plough of something like 20*s.* or 23*s.*, are you not?—Yes.

2144. Surely there are ploughs at 23*s.* in England now?—I have not heard of one—not of the same class.

2145. Are these ploughs used by the natives chiefly?—No, they are used by Europeans also.

2146. They do not use a dearer and a better plough?—They do, as well, but a great many Europeans use these ploughs; their native servants understand the use of them better.

2147. Have you been up-country much? I suppose you understand what is required in a plough. You understand the qualities you want in a plough?—Yes.

2148. Do you think it is very much the same as in Cape Colony, or is your soil different?—The soil varies in different parts of the country. In some parts of the country a very much heavier plough is required than here, where the soil is sandy.

2149. Do you deal much in galvanised iron?—Yes.

2150. Where do you get that from?—England.

2151. Fencing wire?—Principally from Germany and America.

2152. Why do you not get that from England? Is that a question of freight?—I believe wire can be drawn very much more cheaply in these two countries than in England, on account of the quality of the iron or steel which is used. The iron is more ductile.

2153. I suppose you get, as an export price from America, a lower price than is paid by the consumer in the States?—I do not know. I do not know what the prices are in America itself.

2154. What you do is to compare the prices at which you can get the goods in the three countries for your purpose. You do not care what the consumer pays in those countries?—No.

2155. You object to uncertain rates because you would have a lot of goods on the market?—Yes. That is one objection.

2156. You say that trade would tend to fall into the hands of the largest importers able to command lower rates of freight. Small storekeepers and others would, consequently be at an unfair disadvantage. I think you said you did not read the London draft agreement. Under that there were to be no preferences for large or small. You think in an open freight market there would be preferences, naturally?—Yes, I am sure there would.

2157. As regards rebates, you think the merchants in South Africa get credit for them?—Yes.

2158. Do you do any coasting trade, or any produce shipment trade from here?—No.

2159. (*Sir John Macdonell.*) You are only engaged in the import trade?—That is so.

2160. What is the nature of the goods which you import?—All kinds of hardware, and soft goods—cotton goods.

2161. A great variety of goods?—Yes, and foodstuffs also.

2162. You stated to the Chairman that you did not think the South African Merchants' Committee fairly represented the interests of importers of South Africa?—I do not think I said they did not represent the interests. I said they were not a representative body.

2163. In what sense?—They are not elected in any way.

2164. Have you a house, or branch of your firm, in London?—Yes.

2165. Do you know whether that branch takes part in the proceedings, or votes for the election of the Committee?—It does not.

2166. Could you give me any idea, if only a rough idea, of the number of importing houses in Durban that have branches in London?—I think there would be over a dozen.

2167. Out of how many, roughly speaking? Have the majority of the importing houses in Durban representative branches in London?—No, the majority have not, I should say.

2168. You stated, also, I think, that you yourself were not aware of any rebates having been forfeited? Is that so?—I am not aware of any.

2169. Have you heard of any instances in recent years in which rebates have been forfeited?—I have only heard reports. I have not heard of any actual case where rebates have been forfeited.

2170. No instance since 1902?—No.

2171. As I understand, you wish that the rates should be placed upon, what you would call, a logical basis?—Yes.

2172. And then you explained that you meant by "logical basis," a geographical basis?—Yes.

2173. I think you also stated that you meant by that that a mileage basis should be adopted?—Yes.

2174. But you would, of course qualify that criterion, as you yourself explained, by reference to the port charges?—Yes, I think it only fair that that should be taken into consideration.

2175. And I suppose you would also qualify that by taking into account the amount of cargo to and from the respective ports?—I do not think I would go as far as that, not where the trade is taken by coasting vessels, at all events. The trade is so well supplied by vessels that call at several ports that I do not think that difference could be made.

2176. I am not for the moment speaking of coasting trade; I am speaking, as I thought you were speaking, of the rates of freight from the United Kingdom to the various South African ports and the return voyages. Would you take that into account under these circumstances?—I do not think you could take it into account.

2177. Who is to determine whether or not the rates correspond to this logical, or geographical, or mileage basis?—I think the shipowner should determine.

2178. In other words, so far as that criterion is concerned, you are completely in his power?—I think so. I do not think we can dictate to the shipowners what rates they are to charge.

2179. You are to leave that matter entirely to them?—I think so, because, as I said before, I think that if we consider the rates unjustly high we can approach the shipowners and endeavour to get them reduced.

2180. You have mentioned to the Chairman that you thought in the past the Conference Lines had not, so far as Durban is concerned, acted upon the basis which you say is the right basis?—That is true.

2181. Is it not possible that they might not act upon that basis in the future?—I cannot say. They evidently approve of the principle by the recent re-adjustment that has been made.

2182. You are quite satisfied to leave the matter entirely in their discretion?—I think we must.

2183. I understand that for some considerable time, at all events, the rates to Durban, as compared with the rates to Port Elizabeth, were not to your mind satisfactory?—They were not.

2184. I suppose that during the considerable time in which they were not satisfactory, you made representations?—Yes.

2185. And during that period these representations were either of no effect or of little effect?—They were of very little effect.

2186. Is it not possible that these representations in the future might be equally unavailing if there were no outside control?—Quite.

2187. You speak of the regularity of service which you enjoy at the present time?—Yes.

2188. You speak of the promptitude and quickness of the service. Has there been any increase in the speed of the vessels from England to Durban in the last 10 years?—Yes, a considerable increase.

2189. I would be glad to hear what change or improvement there has been in that respect?—I am speaking of the direct vessels which bring most of the merchant cargo here; that is, Bullard King vessels and Rennie's ships. They used to take about 30 days to come here about 10 years ago. At present a great many of them come here in 24 days, or even 23 days.

2190. What should you say was about the average time taken 10 years ago by the intermediate steamers and steamers of that class?—About 30 days.

2191. What should you say was the average time taken at present by the corresponding class of steamers?—Of course, some of the same steamers are running now.

2192. Of course, they would go at the old rate, but, taking one shipment with another, what should you say was the average to-day?—Twenty-six days.

2193. So that there has been, on the whole, a clear improvement of something like four days?—Yes.

2194. Might I ask whether your favourable opinion of the present system is shared by all importers in Durban?—I can only speak for myself.

2195. You know Durban well? I should be glad to have your answer?—Really, I do not know what the opinions of other people are very much.

2196. If you tell me you cannot answer, that is sufficient?—I cannot answer. A great many people that I know are favourable.

2197. I hardly like to put the question after what you have said, but I venture to put it. Are you aware of a considerable number of importers who are dissatisfied?—No, I am not.

2198. In your view, Governments should be free to obtain terms specially favourable?—Yes, I think so.

2199. Even if those terms are, as it would appear, in respect to certain classes— for example, Classes 1 and 2—favourable to the extent of somewhere about 20 to 21 per cent.?—I think that Governments should be able to make their own contracts for railway material and supplies of that nature.

2200. The circumstance that the preference given to them amounts in some cases to about 20 per cent., and does not, if I remember rightly, fall much below, if it does fall below 8 per cent., does not induce you to alter your opinion?—I think where Governments import goods that would compete with the merchant, as I understand they do in Cape Colony, it would be an injustice to the merchants. I believe in the Cape Colony the Government there supplies the railway refreshment stalls—imports their own supplies for the railway.

2201. I do not want to go too much into detail in this matter. We had evidence yesterday to the effect that to a small extent the Government imported such articles as stationery, paint, and various articles of that kind. In your view, that would be outside the legitimate scope?—Yes.

2202. Your reason, as I understand, for thinking that it is permissible for Governments to enjoy this preference is, that what advantages they get are enjoyed by the community at large?—exactly.

2203. Why then do you object to municipalities getting the same advantage? If you have not thought over the matter, say so, and I will pass it, because I do not want to put you in a difficulty?—As I said before, I think with regard to some goods they should be allowed to make their own contracts—for such things as tram rails, for instance, which are bought in large quantities.

2204. Do I apprehend your meaning rightly when I say you would extend the same rule to municipalities and allow them to import articles which could not be in competition with local suppliers?—That is so.

2205. You mentioned that the ships which bring on goods from America do not give you quite so good a service as that which you get from the Conference Lines. Are you certain that the service which you receive from vessels coming from America is not on the whole quite so good as the service given by the Conference Lines?—It is not so good.

2206. Of course, to a large extent, they are the same ships?—Yes.

2207. Therefore, so far as the quality of the ships is concerned, one would expect the service to be equally good?—Yes, but they call at all the ports up the coast. They do not run a direct service to this port. These ships from New York call at Cape Town first and come up the coast, and, therefore, they are a long time coming to this port.

2208. Could you give me from your experience some idea of the average time taken in delivering a consignment from New York to Durban as compared to what you have told me to be the average time in delivering a consignment from England to Durban? You mentioned 24 days, in the one case. Could you give me a figure, necessarily somewhat rough, for the service from New York?—I should think about a difference of 12 days in favour of the United Kingdom service.

2209. You are speaking in regard to that from a considerable experience, not merely of the shipments from England but of the shipments from America?—Yes.

2210. An experience, so far as America is concerned, ranging over what time?—21 years. Of course, the steamers have not been running for 21 years from America.

2211. If you were asked what in the last three years was the difference between the average time taken in both voyages, you would say about 12 days?—About 12 days.

2212. There are one or two other questions I should like to ask you about agricultural machinery. Are you clear in your own mind that the same kind of cheap plough could not have been obtained from England?—It cannot be obtained from England.

2213. There is, I believe, a kind of cheap plough, technically known as No. 75?—Yes.

2214. You probably have dealt in that plough?—I have.

2215. Could that plough to-day be procured in England?—I actually buy it in England, but the difference in price is 15*s.*; I buy a 75 plough in England at about 35*s.*

2216. You are speaking of quite recent transactions?—Yes; and the American plough costs about £1.

2217. You are still speaking of the No. 75?—Yes. Of course, there is the difference in the quality. The English plough at 35*s.* is a far superior plough, but it is a 75 plough.

2218. I was asking you rather to direct your mind not to the plough designated by the same number but to the same quality of plough?—I do not think there is the same quality of plough produced at all in the United Kingdom. I have never heard of them. In

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fact, I believe this same plough is imported into the United Kingdom.

2219. Both may be called "No. 75," but the English plough differs from the American?—In quality.

2220. Is that distinction which you draw a distinction which has held good for a number of years?—Yes.

2221. To carry your mind back, say, to 1902, when the freight war was going on; could you have procured in England in 1902 a plough of exactly the same quality and the same price in England as the American plough?—No, I could not.

2222. Are you now speaking from actual attempts to procure such a plough or from your knowledge of the business?—I know from my knowledge of the trade that it could not have been procured.

2223. You gave some explanation to my friend about the wire. I presume you were speaking of fencing wire, which is used to a very large extent, I suppose, in Natal as in other parts of South Africa?—Yes, it is.

2224. You gave an explanation of the difference in price in America as compared with the corresponding article in England?—Yes.

2225. In your view, could you put that into figures if possible? If you bought, say, so much wire f.o.b. in America, what would be the price as compared with a similar purchase in England f.o.b.?—Speaking of barbed wire, the difference would be about £1 to £2 a ton; I think that would be about it.

2226. You are now thinking of present prices?—Yes, I would not like to be quite sure about it.

2227. I am putting a number of unexpected questions to you; I necessarily do not expect precise answers?—The price is sufficient to prevent the English wire coming at all freely here.

2228. That you say is true of to-day. Has that been true of the two sources of supply during the last five or six years?—Yes.

2229. Was it true during the time that the war of freights prevailed—about 1901-1902?—We still imported the American wire then.

2230. The freights from America were so low then. I am asking you to tell me if you can remember whether during 1901-1902 there was much the same difference between the price of the articles in America and England?—Yes, there was.

2231. Were you then dealing in fencing wire?—Yes.

2232. You mentioned to me barbed wire. Would the same be true of other kinds of fencing wire?—Yes; English fencing wire of all sorts is higher in cost than American wire, generally speaking.

2233. You suggest that may be due to the superior ductility of the American metal?—I have heard that reason given.

2234. At all events you can speak to the fact?—Yes.

2235. I am not sure I followed your answer when you stated to my friend that you thought the sea freights should be kept quite distinct from the railway rates. That is your view, is it not?—That is my view.

2236. You have a house in Johannesburg?—No.

2237. You carry on business with the Transvaal?—Yes. We have a house in Lydenburg, as a matter of fact, but not in Johannesburg.

2238. Looking at the matter from the point of view of your house in Lydenburg, in the Transvaal, can that house look at the matter quite as you propose to do? Supposing that they are ordering goods from England to Lydenburg, is it not of importance to them to consider what the total freight, made up of sea freights and railway rates, amounts to?—They are able to do so now.

2239. The point I am putting to you is—and you will kindly correct me if I am wrong—that you might fix the railway rates according to a certain scheme, but if the sea freights are subject to change it will be of little use to the importer in the Transvaal. Is that so?—They will not be able to calculate their costs so easily.

2240. In other words, you may have stability in the railway rates, but the importer in the Transvaal will not have stability of freight unless there is also stability in the sea freights?—Exactly.

2241. In your view probably, now I have directed your attention to the point, you would say that is one reason more why there should be stability in the sea freight?—Yes, I think it is quite as essential to have stability in sea rates as in railway rates.

2242. And that from the point of view of the inland importer the two rates are practically one rate?—From his point of view, yes.

2243. You will perhaps excuse my returning to a point which I ought to have put before. You say you have no objection to the system of Shipping Conferences as they now exist, provided that certain things are carried out, and you mentioned three things. Again, I must ask you whether you have thought whether or not it would be better to have some security that these three things which you desire shall be given? Is it not rather a serious matter to leave such important questions as these entirely to the discretion of a number of shipping companies?—Perhaps it is.

2244. Would not you say that the gravity of the matter is rather increased by the fact that with scarcely an exception, if there be an exception, these companies are not South African companies?—I do not think that has much to do with it. Most of them are British companies.

2245. You think they are quite as likely to consider the interests of South African importers and exporters as if they were South African companies?—Certainly I think so.

2246. You think that under the circumstances there is no practical need for any body which should exercise some power of control over the rates?—I think it would be very difficult to exercise a power of control over rates of private companies. It is very difficult to interfere with firms carrying on business in their own way.

2247. (*Chairman.*) You stated to my friend that you could not say whether there was any strong feeling in Durban against the rebate system?—I think he said "a strong body of feeling."

2248. I will take your wording?—There are a good many people who are discontented with the existing state of things.

2249. I was going to ask you whether you could say any more as regards the feeling against the Durban rate as compared with the Cape Town rate or the Port Elizabeth rate?—Yes. I think that amongst commercial men there is a feeling that the rates to Durban are comparatively too high, compared with other ports.

2250. You think there is no doubt about there being a strong feeling in that direction?—Yes, I think there is.

2251. Do you know of any opinion to the contrary—that they are content with the Durban rates, as compared with the other rates?—No.

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2252. (*Chairman.*) What firm do you represent?—W. G. Brown & Co.

2253. (*Sir John Macdonell.*) What is the nature of your business?—I principally import goods for the native wholesale trade.

2254. Do you export to any extent?—No, we do not export.

2255. How long have you been in business?—I have been in Durban 13 years. I was in Maritzburg for three years before that.

2256. So that you are well acquainted with the import trade?—Yes, so far as it concerns my own firm.

2257. You say you import articles chiefly for the natives. What would these comprise?—Principally clothing, hardware——

2258. What kind of clothing?—Blankets, rugs, and suits.

2259. What kind of hardware?—We import these three-legged pots that the natives use, and we import enamel goods.

2260. These are the chief hardware articles. Is there any other variety of goods?—We import Manchester goods.

2261. Foodstuffs of any kind?—Not from England. We do from America; we import a little from America, and also from Australia and from India as well.

2262. Such as rice?—Yes.

2263. Is there any other head of your business which you would like to mention, or have I exhausted them all?—I think that is all.

2264. The first question I should like to ask you, and which I see you have in a way answered, is: "In "what manner and by means of what documents is "the rebate system, so far as concerns the trade from "South Africa, worked in South Africa?" and your answer is: "I do not know from South Africa, as my "firm does not export"?—Yes.

2265. You are then asked: "Does or does not the "merchant in South Africa get the benefit of the "rebate on consignments to South Africa?" to which you say "Yes." Is that so?—I have always got the benefit of the rebates, provided I conformed with the conditions attached to the rebates.

2266. You say that you lost rebates due to your firm when you shipped by Houston's steamers somewhere about 1902?—Yes.

2267. And that you also lost rebates when you shipped by the Prince Line, which came viâ New York?—Yes.

2268. How long ago was that?—I fancy it must have been about the end of 1904 or the beginning of 1905.

2269. Did you in both these cases lose all your rebates?—Of course, when I shipped by the Prince Line it was only shortly after my contract had terminated with Houston, so I had not much to lose by shipping with the Prince Line. I only had a very few rebates coming due to me when I shipped by the Prince Line.

2270. The company were not content with a composition or fine?—They did not suggest a fine.

2271. You lost all your rebates?—I lost all my rebates. Perhaps I may say that when I was in England in 1903 I approached the company and asked them, if I came back, what would happen. The contract with Houston expired then, and I was then negotiating with Houston as to a continuance of the contract, and I approached one of the members of the Ring and asked him if I again shipped by the Ring steamers whether they would return the rebates to me, and their answer was, "No, they would not."

2272. Do you know of any recent cases in which there has been a forfeiture of rebates?—No, I can only speak for myself.

2273. Then you were asked what objections, if any, you had to the system of Rings or Conferences, and to the system of rebates, and further if you considered that these objections outweighed any advantages which are to be derived from the system of Rings or Conferences or the system of deferred rebates. You give as your answer: "That this system enhances "the prices or cost of goods"?—Yes. All Rings, in my opinion, increase the cost. That is their object—to make more profit.

2274. Would you give me, if you can, some instances from your own trade of goods the price of which has been enhanced?—Yes. Merchants here formed a Ring a short time ago for paraffin oil. We formed a Ring recently. An agreement was prepared amongst the merchants here——

2275. That is very interesting, but just for the moment I am confining your attention to the Shipping Conference. I asked you for the names of any of your own goods the prices of which had been increased by the Shipping Ring or Conference?—I do not quite grasp the point of your question.

2276. You have told me the articles in which you deal. Can you mention among those articles any the price of which has been increased by reason of the Shipping Ring?—When we shipped by Houston under the last contract we got piece-goods at a freight of 27*s.* 6*d.* from England. Now they are 50*s.* Before the 1st July they were 52*s.* 6*d.*

2277. This 27*s.* 6*d.* was a price somewhere about 1902?—No; 1904.

2278. Since that time the price has been raised to 50*s.*?—Yes. Of course, the Conference rate then I believe was the same as it is now. I paid 27*s.* 6*d.* to Houston under their contract.

2279. When was the contract made?—In 1903.

2280. Had you had a previous contract with Houston?—Yes. It was a lower price.

2281. When was that?—The previous contract was when Houston started. I shipped by Houston when Houston came into the South African trade.

2282. So that when you named 27*s.* 6*d.* as the rate in 1904, that was really a continuance of a special rate given you by Houston somewhere about 1902?—No. When I joined Houston at first, and he started in opposition to the Ring, I believe the first rate we paid him was 20*s.*, and that expired in, I think, August or September, 1903. When that contract expired I then made a fresh contract with him, and I think that contract lasted 12 months.

2283. Was there under the first contract any provision for your getting a renewal of the contract?—No, I think not.

2284. Are you sure of that?—Yes, I am almost sure of it.

2285. At all events, this was the state of things. The first contract was for 20*s.*, the second contract was for 27*s.* 6*d.* When did the second contract expire?—In about September, 1904.

2286. Was there a renewal of that contract?—No. Before that time Houston had joined the Ring, and the Ring steamers carried my goods for Houston for a few months before the expiry of my contract.

2287. Of course, you do not know whether or not the rate of 20*s.* was a paying rate?—That I cannot say.

2288. All that your evidence, so far as this is concerned, comes to is, "I paid to Houston in 1903 20*s.*; "I paid afterwards 27*s.* 6*d.*; to-day I pay 50*s.*" ?—Yes.

2289. That is as far as piece goods are concerned. Would you give me another instance in which there has been a rise affecting the price of articles?—Of course, that applies right through; there has been a rise in everything.

2290. Give me another illustration?—Take blankets. They are 37*s.* 6*d.* now, they were 40*s.*; they are now 37*s.* 6*d.*, plus 10 per cent. primage, which really is 40*s.*

2291. What were you paying these previous years?—We paid 27*s.* 6*d.* to Houston—20*s.* and 27*s.* 6*d.* He gave an all-round price.

2292. Were all the people in your trade getting these terms?—No; I believe I was the only one, or, at all events, there were very few in Durban who joined Houston.

2293. This was, so to speak, a reward for your courage in joining Houston?—I do not know.

2294. What is the freight to-day for these blankets?—The freight is 37*s.* 6*d.*, plus 10 per cent., less 5 per cent.; it is about 40*s.*, I think.

2295. Are there any other articles the price of which has been enhanced?—Everything that I import has gone up.

2296. To what extent now are your importations from America—a half?—No, very small. My principal importations are from England.

2297. Do you import any agricultural implements?—Yes, we import this 75 plough from America.

2298. I think you were in the room when Mr. Butcher was giving his evidence, and you heard what he stated respecting the plough procurable from England and the plough procurable from America. Do you agree with his view?—I do not think you can buy the 75 plough in England at the same price as you can in America; in fact, I do not think you can get it in England. He says he can, but it is not quite the same plough.

2299. Have you been buying ploughs of a cheap kind suitable for the natives for a number of years back?—Yes.

2300. Have you made enquiries as to whether such a plough could be got in England?—Yes, we have. We have sent a plough home.

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2301. Your opinion would be, on the whole, in agreement with his, that the same article could not be procured from England for anything like the same price?—No. You get parts of the plough made in England.

2302. Are there any other reasons which you would like to state as to why the Shipping Conference in your judgment enhances the cost of goods?—I think that all the Conferences and all Combinations are formed with that object.

2303. Their main object you think is——?—The main object is to get a better profit.

2304. Then you take another objection to the Conference. You say that it gives the steamship companies too much power?—Yes, altogether. I think it is altogether wrong that the steamship companies should have so much power over the trade of South Africa.

2305. Apart from the enhancement of prices, can you think of any injury which could result to the trade of South Africa from the existence of this large power?—Do you mean, must I try and picture what would be the trade in South Africa if there were no Ring?

2306. I leave it to you. You say that it gives the steamship companies too much power, and I suppose that you have in your mind certain facts which lead you to say so. What are these facts?—What I have principally in my mind is, that they can raise the rates at any time they like, and that is what I object to—that they should have that power.

2307. You think there should be some control over them?—Yes. I certainly think they ought not to have the power to be able to raise rates or to be able to alter the rates between the ports.

2308. And you also, I suppose, would think that they ought not to have uncontrolled power of raising rates without due notice?—Yes, I think they ought not to be able to raise the rates; they ought not to have that in their power.

2309. At all events, not to be able to do so without due notice and warning?—Even if they do now give notice that they are going to raise the rates, they would simply have the power to raise them. The notice is no use; they simply say they are going to raise them, and they raise them. I object that they should be in a position to be able to do that.

2310. Have you found any difficulty arising from the want of a proper classification of goods? Supposing you buy something in America of some new kind, has there ever any question arisen between you and the shipping companies as to what class they ought to come under?—No.

2311. It is not a practical difficulty?—No, it does not crop up.

2312. Are you prepared to admit that there are some advantages attending the Conference system?—Of course, the advantage attending the Conference system is the equality of rates.

2313. Is that important to your mind?—Yes, I think so. It is a very great advantage to a merchant to know what his goods are going to cost him.

2314. Would you, in your business, find it a great disadvantage if there were inequality?—Yes. I think it would make business very unsatisfactory. You would not know exactly what your stocks were worth. I think it is very much better from a merchant's point of view that there should be equality of rates.

2315. So that, whatever change may take place, you would like to see preserved equality of rates?—Yes.

2316. At the present time, as I believe, the Shipping Conference does not sell on the ship's account any articles, or many articles, except coals?—So I believe.

2317. Would you see great disadvantages to your trade if the shipping companies were to buy from time to time, in order to fill up their ships, various articles and sell them in South Africa against the merchants?—Yes. I do not think it would affect my trade so much, but I think it would disorganise certain trades.

2318. So that, whatever change takes place, you would like, at all events, that prevented?—Yes.

2319. Are you sure, or do you think, that if matters were left to the open freight market all of these advantages would be maintained?—No; I think in an open freight market they would not be maintained.

2320. So that, while you think that there are some serious disadvantages connected with the Shipping Conference, yet you are not prepared to face the open freight market with all its consequences?—I would rather do that than leave the Shipping Conference with all the power they have now.

2321. You would prefer to have some system which would keep the present advantages and save you from the present disadvantages?—Quite so.

2322. Then you were asked whether the effect of the system of deferred rebates and of the South African Ring had been to divert trade from the United Kingdom to the United States, and your answer is, that you think that at one time it did divert trade from the United Kingdom to America. What kind of trade was diverted?—Of course, in my own business it did not affect me so much, but when freights went down as low as 10*s.*, naturally, it did divert trade—furniture, I believe, especially.

2323. First, take your own trade. Was there in any way a diversion to America as far as your trade is concerned?—Yes. I think we imported nails from America at that time, which, otherwise, we would have imported from England. It did not affect me in my trade to any great extent.

2324. That was during the time the 20*s.* and the 27*s.* 6*d.* rates ruled?—I am not quite sure whether it was the same time. It was during the time the American freights were 10*s.*

2325. When they rose to the figure that you have named to me—20*s.* and 27*s.* 6*d.*—did you get your nails from England again?—I am not quite sure whether it was the same period that freights were 10*s.* from America and 27*s.* 6*d.* from England.

2326. Have you any reason to think that the nail trade has been, by reason of these low rates, diverted to a large extent to America?—No, I have no reason to say to a large extent.

2327. May I ask to any extent?—We have been purchasing nails from America at the present rate, but speaking from memory, I remember I was working out the cost of nails between England and America at one time, when the rates were low, and we sent the order to America because of the freights. But that is some time ago.

2328. Take the present time?—At the present time we are ordering nails from America because the price is better.

2329. By reason of the price in America?—Yes.

2330. May I take it that, as regards nails and a large number of articles of hardware, you find the American prices lower than the English?—Yes, and, of course, as regards these lines we import from America, the prices we get are lower, and, of course, some of the American goods are better suited to the trade.

2331. For example?—Hatchets. The prices are nearly equal between the English and the American, but the American hatchet seems to suit the market better.

2332. Do you import stoves?—No.

2333. Are there any other articles in which you say the American merchants meet the wants of the South African consumer better than the English?—No, not in my trade.

2334. Dealing with your articles and with the present time, do you think that there is any reason to believe that the present freights lead to any diversion to America?—Not at present.

2335. You go on to say that so far as the Continent is concerned, you have no knowledge?—No.

2336. The next question that you are asked is, "Do "you consider the rates of freight from the United "Kingdom to South Africa, and from South Africa "to the United Kingdom to be excessive?", and you say, "I think that the rates are high from the United "Kingdom, but I do not know what rates would be "fair remuneration for a steamer." Why do you think them high?—Because, of course, generally talking about freights and hearing about freights to other parts of the world, we think they are high.

2337. You have not gone into the question carefully?—No.

2338. It is a general impression?—Yes, only a general impression.

2339. You further add that, "When Houston "started he carried goods at 20*s.*, and afterwards at "27*s.* 6*d.*, and the Prince Line, viâ New York, at "17*s.* 6*d.*," but whether these rates were remunerative rates you do not know?—No.

2340. A further question is, "Whether you are "aware of any preferences (secret or other) in the "matter of rates having been accorded to favoured "merchants or importers which are not accorded to "all?" I think you say you are not. Have you considered what would be the result if in an open free freight market there were large shippers and small shippers? Do you think that the small shippers would get as good terms as the large shippers?—No.

2341. You say, from your experience of business, that the result would be to give an advantage to the large importer?—Yes.

2342. Have you any facts in your mind which would lead you to that conclusion?—No, I do not think I have any facts in my mind.

2343. You say so from your general knowledge of business?—Yes.

2344. Do you think it would be a very serious matter to certain importers in Durban if that were the system—if the large importer were to get specially good terms?—In certain classes of goods it would make a difference.

2345. What class of goods are you thinking of?—In goods where freights make a great difference in the cost; in low-price articles or articles that ran into freight, or where the freight costs a lot in proportion to the cost.

2346. Would that be true of certain articles in which you deal?—It would not apply much to articles in which I deal.

2347. It would not be true of agricultural implements, shovels, hoes, rakes, and the like?—It might make a little difference on them. I do not think there would be very much in it. Of course, in a large consignment, such as cement and so on, it would operate, but I think in general goods, where the things are sold by the dozen or each, I do not think it makes very much difference.

2348. Then you are asked whether it would be practicable for South African merchants to combine and charter tonnage in the open market for their consignments, and your answer, I think, is that in your judgment it would not be so?—My opinion is that merchants would not find it practicable to combine—that is, the merchants who deal in general goods.

2349. What reason have you for coming to that opinion?—What I thought was, a merchant sends home nearly every week a general order for goods, and he likes these goods to be arriving in small lots. If merchants combine, they would have to increase their orders; at least, that is what I think would happen. A man would have to supply so much freight for the steamer. That is what I think would happen.

2350. May I take it that the modern tendency of business is to give small orders and get quick delivery?—Small orders and quick and regular delivery. That is what suits merchants best.

2351. You do not want, if possible, to have a large stock on your hands?—No.

2352. And to pay warehouse charges and interest?—No.

2353. You are asked: "What remedy, if any, do "you suggest"? and, in order to refresh your memory if you desire it, I will read to you your answer: "Let "the Governments of South Africa, when the mail "contract expires, enter into an agreement with the "steamship companies to carry goods from the United "Kingdom at specified rates." When the next mail contract has to be entered into, what is the exact agreement to be entered into, in your view, between the Governments of South Africa and the steamship companies?—To call for tenders from the steamship companies to carry the freight to South Africa.

2354. To carry whose goods?—The goods offering for South Africa.

2355. All goods?—All goods.

2356. All goods during the whole year?—Yes, all goods that the Conference Lines carry now to South Africa.

2357. And the parties to this contract are to be the Governments of South Africa on the one hand?—Yes, and the steamship companies on the other.

2358. Are the Governments of South Africa to guarantee so much freight to the shipping companies?—No; they simply say, "We wish people to tender for "the trade of South Africa as carried on now."

2359. Suppose this contract is entered into and suppose you say: "I am not going to send my goods by "this Line," what then?—They should legislate to put a penalty on other steamers.

2360. Suppose that you say to the Government: "You made that contract, but I choose to get my "goods in another way," what then?—If they came by another steamer they ought to penalise the steamers this side.

2361. Are they to penalise you?—Certainly, if I ship by these steamers.

2362. In other words, after those tenders had been given and accepted, those who get the contract are to have a strict legal monopoly?—Yes, that is what I think.

2363. Do you think it would be a very advantageous substitute for the present virtual monopoly—for such I understand you describe it—to substitute a strictly legal monopoly?—Yes. I think it would place the power in the hands of the South African Governments instead of in the hands of the steamship companies, and calling for tenders would produce the lowest rates of freight.

2364. You are sure you would not have gone further and fared worse?—No, I do not think so. It is simply a contract.

2365. You are not in any way affrighted at the consequences of the creation of this strictly legal monopoly?—No.

2366. Then you add: "And legislate to prevent "other steamers carrying at lower rates, or charge "10 per cent. primage, which they can return if goods "are only shipped by these Lines, in the same way "as is being done by the steamship companies." In simple words, do I understand you to mean that if there has been this contract entered into and for class 1, the rate is to be 40*s.*, and a vessel comes into the harbour offering to take over for 25*s.* or 30*s.*, nobody shall be allowed to ship by that vessel?—They should not be prevented from shipping, but they should be penalised from this side.

2367. Penalised, how?—There should be special dues to raise the freight.

2368. Special dues of the nature of a fine?—Of the nature of a fine.

2369. It is your deliberate opinion that the state of matters for the importers and exporters would be improved by a system which would penalise the exporter and the importer if on any occasion he made use of cheaper freight than the tendered rate?—At present they are penalised if they ship by a cheaper rate. If they alter it, as I say there, they will be in the same position.

2370. I will not examine you further on that point. I do not suppose from what you have stated that you have much experience of the coastal trade?—No, but what do you mean by the coastal trade?

2371. Have you had occasion to send, to a large extent, goods along the coast from one port to another?—No.

2372. Have you any experience of trade in the Transvaal or the Orange River Colony?—Yes, we send goods to both places.

2373. I will put to you a question which I think I put to Mr. Butcher. Have you a house in either of those places?—No.

2374. (*Chairman.*) You spoke about Rings in Durban. Do you belong to any?—Some merchants are trying to arrange a Combination now, but the Ring I referred to was a Ring to increase the price of paraffin, so as to increase our profit in paraffin. Paraffin was cut and there was next to no profit on it. In fact, there were a great many goods sold at next to no profit, and the merchants formed a Combination to increase the profits, but that Combination has been broken

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2375. Then you do not know of any Combination in force now?—No; local merchants are trying to arrange now to regulate the terms of credit.

2376. Some merchants give much longer credit than others?—Yes.

2377. These Rings are mostly to raise prices?—Yes, that is what I think, most of them are to increase profits.

2378. Or, if there were no profit before, to make one now?—Yes.

2379. You deal with American Rings, do you not, when you buy goods from America?—Yes. We deal with the Colonial Oil Company, which is the Standard Oil Company.

2380. Do not you in the iron goods you buy in America, get them from the Trust companies?—No, we have no house. We generally buy them from a New York house. I do not think we buy them from a Trust company.

2381. So that you have not seen the operation of the American Trust companies?—No.

2382. Do you know whether the prices you pay are lower than the prices paid by the consumer in America?—No, I cannot say as to that.

2383. You do not enquire as to that?—No. I think that the farmer in South Africa buys American barbed wire cheaper than the farmer in America.

2384. With the freight and everything, he buys the wire cheaper than the farmer in America?—You have heard that?—Yes.

2385. What you are concerned with is to get the wire at the cheapest place as long as it is suitable for your purpose here?—Yes.

2386. You spoke about Manchester goods for the natives. Can you tell me if these goods go on much the same from year to year, or whether they change in fashion?—They do not change much in fashion. The natives now are buying more clothing every year. The raw native only buys blankets, but those that start working go in for buying clothing.

2387. You see an increased demand for what is known as Manchester goods?—Yes, I think there is an increased demand.

2388. For cotton goods, as distinguished from blankets?—Yes.

2389. What I wanted to get from you is, are these things much the same from year to year, so that you can have a certain amount in stock?—Of course, if you kept a big stock of these things, the competition is very keen, and the interest accumulates.

2390. That class of goods you get from England entirely?—Yes.

2391. You get nothing of that sort from America?—No.

2392. Though the American rate appears to be lower than the English rate of freight, but that would not make up the difference?—No, the freight on clothing is a small item when you come to bring it to a single article.

2393. Then, I suppose, except drills, you would not get goods from America that would compete with our Manchester goods, and drills are not used here very much, are they?—A little, but not very much.

2394. Do you deal in second-hand clothing?—We used to deal in it considerably, but since the new duty of 2*s.* a garment, it has stopped that trade.

2395. Is it meant to stop it?—It is either meant to stop it or to make the natives contribute more in taxation.

2396. Those goods are chiefly worn by natives?—Entirely by natives, and especially by raw natives.

2397. I should like to ask you a question or two about your proposed remedy. You want to use the mail contract, I understand, as a lever with the companies?—The only thing that was in my mind was that they were entering into a contract. When the mail contract expires they have to enter into a contract with the company to carry the mails, and why should they not enter into a contract for other things as well.

2398. In making a mail contract, is not the great object to get the mails carried as cheaply as possible? I suppose regularity is the main thing.

2399. And as speedily as possible?—I suppose so.

2400. An enormous number of people would be receiving and sending letters who do not care whether you are paying a little more for the freight on your goods; you propose to mix up the two things—the freight on your goods and the mail contract—that is, the way in which letters are to be carried?—No; my idea was, that it would not do to call for tenders before the mail contract had expired, because if you did, then the company that has the mail contract would remain in the trade. Supposing you put a penalty before the mail contract expired, and entered into a contract with regard to the cargo to South Africa before the contract expired, you would be penalising the company that now carries the mails.

2401. Then you think the company that carried the mails should get a facility for carrying the goods?—Yes, if they could tender. Probably the same company that carried the goods now would tender and continue the same trade, only the power would be in the hands of the Governments.

2402. You are aware that the Governments have a lever in the goods which they have carried for themselves. They could make a contract for carrying the Government goods; agree to give to certain companies the carrying of their goods?—I do not think that is fair, that the Government should aim at having their goods carried at a less rate than the public.

2403. You think the Government should not get the goods carried at a cheaper rate?—No, at the same rate.

2404. I suppose you did not follow the proceedings at the London Conference 19 months ago, where there was a proposal for the Governments to enter into an agreement with the shipowners?—No.

2405. It was not quite on the lines that you suggest, but still giving them certain control over the rates of the shipping companies?—I did not follow that. This is entirely my own idea.

2406. You would legislate to prevent other steamers carrying at lower rates. You say when a steamer arrived that had been carrying at lower rates, you would fine that steamer, or put somebody in prison?—No. I might say that if you started this contract at the beginning, unless the present ships that are running now got the contract, those ships, supposing they were left out, could carry on opposition, and, in order to give the Government a monopoly, they must have some way of legislating to prevent that opposition. That is why I think they would have to be penalised.

2407. (*Sir John Macdonell.*) You would substitute a Monopoly for a Ring?—I would substitute a Government monopoly for the present monopoly.

2408. (*Chairman.*) Do not you think that would be out of the frying pan into the fire?—No, I do not think so; of course, that is a matter of opinion.

2409. How about the rates to the different ports. I suppose you would leave that to the Government?—Of course, that is a difficult matter to decide, and I think it can only be decided by the different Governments of South Africa. They would have to arrange to regulate these freights between different ports.

2410. Are you also dissatisfied with the rates of the different ports, compared one with another, as well as with the rates generally?—I have not much business with the other ports, and it does not affect me much.

2411. You only care about the Durban rate?—Yes.

2412. I should like to ask you one other question. There is a strong feeling against the rebate system in South Africa, is there not?—Yes, I think so. Most people think that the articles are dearer because of the rebates, and of course a great many people object to the Ring having the power they have.

2413. You do not think it makes articles so very much dearer, do you?—No, I do not think it makes articles, to the consumer, very much dearer.

2414. It does stop trade to a certain extent?—No, I would not say that.

2415. I only want to have your opinion?—I do not think it stops trade. You can only import goods in that way, and at these rates, and if you wish the goods, you get them.

2416. There is a strong feeling against the present system in Durban?—I think so; but a great many people favour the Ring.

2417. There is a great difference of opinion?—There is a difference of opinion.

2418. We were told before we came out that there was a stronger feeling against these rates here than in England. Do you think that is so?—I cannot say for England.

2419. You do not know much about the feeling in London?—No.

2420. You do not belong to the London Merchants' Committee?—No.

2421. Here you see a strong feeling, but at the same time a divided opinion, as to whether the present system is bad or not?—I think the general person in the country who thinks about these rebates or this Ring naturally concludes that the cost of things is increased thereby, but of course, when you come to the actual difference that it makes to the consumer, as to whether the rate is 40s. or 20s., it makes very little difference to him.

2422. The great objection is to the system, is it not?—They do not like the idea of this Ring controlling the trade to South Africa.

2423. It is partly a question of dignity. They do not like being under a Conference of shipowners?—From my point of view, they have such power that they could raise the rates at any time.

2424. It is partly fear that they might be worse than they are now?—Yes, they might raise them at any time. They can raise them. If they make the primage 15 per cent. to-morrow, no one could say anything. They have the power to do it.

2425. So you think that is more the cause of the feeling here than the actual increase in cost to the consumers?—That is the objection I have to it.

2426. Your objection is not to the increase of cost in price?—I was thinking it made a difference to the merchants. I thought if the freights were lower, it would make a difference to the merchants. It might in some instances, but all these things work themselves down on to figures. If a thing costs you a certain amount, you want a certain profit, so it does not make any difference to the merchant.

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2427. The merchants could not keep that profit?—No; competition would regulate those things.

2428. (*Sir John Macdonell.*) Assuming you had not the legislation you have described, would you like to see some form of control over the rates?—Yes.

2429. Had you in your mind what that form should be?—I would like to see the Governments have this control.

2430. At all events you would like some form of control. There is another question I wish to ask you. Do you supply your goods direct to the natives or to the storekeepers?—To the storekeepers.

2431. And the storekeepers retail to the natives?—Yes.

2432. Can you tell me how the storekeepers are paid? Are they paid in kind, to any extent?—In some parts they take kind.

2433. What kind?—Mealies and tobacco and kafir corn.

2434. How does the storekeeper dispose of that produce? Does he send it to you?—No, he sells it as he thinks fit, wherever he gets a market.

2435. Does he send it direct to Durban and sell it by auction?—He generally sends it to his nearest market. He sells it to the produce dealers.

2436. It is sold by auction?—No, it is not sold by auction. The produce dealers in town generally buy it. In Maritzburg they have a market every morning, where all produce is sold.

2437. Do you take, to any large extent, payment from the storekeepers in kind?—No.

(Afternoon Sitting.)

Mr. Paul Pollitzer, examined.

2438. (*Chairman.*) What firm do you represent?—Pollitzer and Company.

2439. What is your business?—Agent and commission merchant.

2440. How long have you been in business here?—Seventeen years in South Africa. The firm has not been established all this time.

2441. You have been so good as to answer some questions. I will take you through your answers, and ask you some questions on them and on other things as well. To the first question you say, "By "signing rebate certificates, the text of which is un- "doubtedly known to the Commissioners." In reply to the question "Does or does not the merchant in "South Africa get the benefit of the rebate (*a*) on "consignments to South Africa; (*b*) on consignments "from South Africa?" you say, "The term 'merchant' "is rather ambiguous. If the wholesale importer at "the coast port towns is meant, I should say that he "gets the benefit of the rebate in most instances, "less a commission which he has to pay to his home "agent for collecting same. Sales effected on c.i.f. "terms, which are very common now, with regard to "staple lines, would not allow the importer to have "the benefit of the rebate, but the seller would "retain same as part of this profit. If the term "'merchant,' as employed in this question, is to em- "body all direct importers, I should say that quite a "number of large inland dealers do not derive the "full benefit of the rebate. As far as consignments "from South Africa are concerned, I could not give "a reliable answer based upon personal experience, "as I have not been shipping much from this side "until quite recently, and in those cases the rebate "has been retained by the shipper on this side." How long have you been in the export trade?—Only quite recently.

2442. In reply to Question 3, you say you are not in a position to answer. You do not know of any cases in which rebates have been forfeited?—No definite cases.

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2443. Do you know of any cases in which it has been threatened that the rebates would be forfeited?—I really cannot give a definite answer to the question. I remember an instance when the Houston Line originally came into the market, but my memory is not clear on the subject.

2444. In reply to "What objections, if any, have "you (*a*) to the system of Rings or Conferences; (*b*) to "the system of deferred rebates? Do you consider "that these objections outweigh any advantages which "are to be derived from the system of Rings or "Conferences and the system of deferred rebates?" you say: "I object to the present system employed by "the South African Shipping Conference because it "does not seem to work beneficially for those engaged "in trade out here. I think it is iniquitous that "there should be a difference of 5*s.* to 7*s.* 6*d.* per "ton between Port Elizabeth and Durban." Your objection to that is the difference between the ports; not the rates themselves being very high?—I am dealing with the rates at a later stage. The rates should be reduced.

2445. "It seems to me to be altogether outside the "province of the steamship owners to cause an arti- "ficial difference between ports, when it is palpable "that from every point of view Durban offers to them "so much greater facilities, that the 400 miles which "it is further away from Europe than Port Eliza- "beth, which fact might cause an extra 1*s.* to 2*s.* per "ton in coal consumption and working expenses, is "amply counterbalanced." Is that your estimate, or have you adopted somebody else's estimate?—I have made a rough calculation on an average steamer of about 3,000 tons gross, travelling at a speed of 10 knots an hour, which comes out at between 1*s.* and 2*s.* per ton dead weight extra, allowing for the time used between Port Elizabeth and Durban, including port dues at the last named port and the time lost on

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the return journey from Durban to Port Elizabeth. Extra cost of 1s. 6d. per ton dead weight amounts to hardly 1s. per ton on cargo space tonnage.

2446. What do you take for that—two days?—I have worked it out at about two days, allowing for the extra cost of coal and extra wages to the stewards and men on the ship. Two days going and two days coming back; four days in all.

2447. You go on to say, "The steamship owners "claim that the Durban rates include landing, but this "cost, which has to be borne by the consignee in Port "Elizabeth, could also be borne here by the recipient "of the cargo, and it would certainly not amount to "more than 1s. to 1s. 6d. per ton." What do you mean by "could also be borne by the recipient of the "cargo"?—The steamship companies have at times raised the point that there must be a difference between Durban and Port Elizabeth, because in Port Elizabeth the merchant pays 3s. 6d. per ton on landing charges, and they, the steamship owners, themselves have to pay for the landing of cargo at Durban, and it has been mentioned that this costs them 2s. 6d. per ton or even more. We can get any amount of landing done here at 1s. to 1s. 6d. per ton. If the steamship companies reckon it costs them 2s. 6d., let them reduce their freight rates by 2s. 6d., and make each consignee pay for the landing of his goods.

2448. You think the consignee would save 1s. to 1s. 6d. a ton on the 2s. 6d?—I say, let the consignee pay it, whatever it is, and then what would be the freight difference between Durban and Port Elizabeth, considering that Port Elizabeth is an open roadstead and Durban is a protected harbour. They have their coaling facilities here; they lie alongside the wharf; they can take in their provisions. In rough weather, or otherwise, they can always go on with the work. They cannot in Port Elizabeth. I suppose the insurance is affected as well.

2449. Then you say, "I would be quite prepared to "support a Conference which would aim at providing "a regular service of steamers in accordance with the "demands of the trade. We have two direct lines from Europe to Natal . . . ." Which are they?—The Rennie Line and the King Line.

2450. "and the weekly mail boat service, as well "as regular calls of the German boats, and if the "Conference would direct their efforts to divide the "carrying trade to Durban on an equitable basis, "then each owner could fill his steamers, run them "at a profit, and correspondingly reduce the freight." Do you mean you would, by agreement, reduce the number of steamers coming here?—Yes, if the Conference really wanted to study these questions from the importers' point of view. Their plea at present is that they cannot make it pay. Then I would suggest that such a powerful Combination should arrange that only so many steamers—or, approximately, so many steamers—called at the port as can be conveniently filled and can be made to pay, and employ their other steamers in some other trade.

2451. The reduction would have to be in the boats that are not mail boats?—In the ordinary cargo boats. We pay 40s. a ton on the second-class rate. If you compare that with Port Elizabeth, there is a difference of 1s. 3d. per ton to that port in the freight by intermediate steamer and by the mail boat. We have not got that here. The second-class mail boat cargo is taken at the same rate as the ordinary intermediate steamer cargo. There is not that differentiation here, which is made at Port Elizabeth.

2452. Would you be prepared to lose some of your accommodation for the lesser number of boats?—There is no necessity to lose any accommodation because the steamship companies plead that they cannot get their steamers full.

2453. Would you be prepared to have less frequent sailings?—The frequency of the sailing does not need to be hampered by the suggestion which I make. They would only have to have lesser boats. They can have them just as frequently. Suppose the two direct lines have sailings every ten days. The mail boats come every week; the German East African Lines every three weeks, by either route; that is two boats in three weeks. If they want more they can use their extra or intermediate service. At present there is not sufficient cargo to warrant these extra intermediates coming here.

2454. You think your rates could be reduced if you had fewer steamers?—Yes, if we had fewer steamers; if we had the regulation of supply in accordance with the demand.

2455. Then you say, "Whilst the members of the "Conference claim the right to open competition for "cargo, they should not deny the same privilege to "the South African importers." What is the right to open competition?—The various steamship companies have a perfect right to go to the different shippers and say, "Give me your cargo," but the shipper has no right to go outside and say, "I do not "want you; I want somebody else to carry my cargo." Shipowners are free to compete for the trade—the Castle Line with the Rennie Line, and the Rennie Line with the King Line, &c., but the shipper cannot invite competition; he has to do with one of the Ring Lines. That does not seem to be equity.

2456. He has only a limited class to compete among?—Yes.

2457. You think, "The deferred rebate system should "be abolished and that such a course would not "demoralise the freight market . . . ." Would you have it abolished by law?—I should say that the steamship companies themselves ought to forego the rebate system and meet the very strong demand on that point by a very large number of people out here. By doing that they would retain the support of the old shippers. Nobody wants the present Lines ousted from this market.

2458. You say, "That such a course would not "demoralise the freight market is borne out by the "steady rates ruling in the American trade . . . ." You have a less effective service there, have you not?—The service is quite satisfactory; there are no complaints.

2459. How often is the service?—They do not despatch boats quite so regularly, but the boats come out pretty full. If a boat is not quite full, it will lie over until it is full.

2460. You do not attach so much importance to a regular service?—Not to the regularity to a day—that is not so important—whether a steamer sails on a particular day or two days later. Very often the ordinary steamer from Europe is three or even five days late. Occasionally a boat calls at Lobito Bay, and does not come here for ten days after the advertised time.

2461. You speak of the steady rates ruling in the American trade. That is only of late years?—The last two or three years.

2462. I suppose they are always liable to have another war of freights there?—It does not seem to be so likely that a war of rates should take place in open competition than where higher rates are paid to one party and another has cut in at very low rates to induce those who have rebates at stake to make them up by low shipping freights.

2463. Your point is that since the war of rates there, things have been steady and quiet?—Quite so. There has been no opportunity to cut so very low, because the merchant on this side does not stand to lose much by the competition; but if there is a large amount of rebate at stake, then naturally the man who wants the trade must cut very low, so as to compensate the man for the rebate he loses.

2464. You do not want to have these great falls in freight?—No.

2465. You would not object to a steady decline?—No, or to a more or less permanent rate; but we have no guarantee to-day that the rates of the Ring are steady. They have at times altered the rates within a few days. On the last occasion they altered their cement rate within a very few days, and now the difference between Port Elizabeth and Durban has been altered at a few days' notice. We have no more security to-day that the rebates will be maintained than we have under any other circumstances.

2466. How would you propose to get security—only by the abolition of rebates—security against sudden alterations?—I do not think it is possible to obtain security. We will always have to reckon with the supply and demand, and that the commonsense of the owner will dictate the rates. There cannot be such a very big difference.

2467. You say: "I consider that my objections outweigh any advantages to be derived from the system of deferred rebates and of Rings and/or Conferences, unless the latter are remodelled somewhat on the lines indicated above." Then, with regard to Question 5, "Has the effect of the system of deferred rebates and of the South African Ring been to divert trade from the United Kingdom to the United States of America or the Continent of Europe?" you say, "I am not prepared to deal with this question." Are you prepared to give the Commission any information afterwards confidentially?—Yes.

2468. With regard to Question 6, "Do you consider the rates of freight (*a*) from the United Kingdom to South Africa; (*b*) from South Africa to the United Kingdom, to be excessive? If so, please state reasons for your opinion," you say: "The rates of freight are certainly higher than what they ought to be. If the steamship companies can carry Government and corporation cargo at reduced rates, they can do the same for the private shipper." Do you object to Government and corporation cargo being carried at reduced rates?—Yes; I do not think it is fair.

2469. It is to the advantage of the consumer, is it not?—Not to such an extent as might appear at the first instance. Very often the Government import cargo at reduced rates, and then when they have a surplus stock at their disposal they can compete with the merchants.

2470. You say the Government should not import except goods that cannot be stocked by merchants. Is that your distinction?—That is one of the points. I say, on principle, if there are no preferential rates given to anybody, Government should be included in the total.

2471. They would not compete in such matters as rails, would they?—I would not say "No." I think it is quite open that people could compete on this side, and instead of the advantage going to the shipper residing abroad, it might be retained by a firm on this side.

2472. The merchant would not have his goods in stock; he would have to go to the producer at home and buy the goods there the same as the Government do?—I do not think so. If the merchant has an opportunity of coming in with his prices, he might feel inclined to stock rails if he knew there was a certain demand for them.

2473. Or piping?—Or piping, or any such lines. You have an analogous case in fencing material. The Government import a certain amount of fencing material, and yet they do buy it on the spot from time to time.

2474. I suppose fencing materials are universally used, whereas pipes or rails would only be used when they were making a railway or laying down pipes for a water supply?—A fairly large amount of railway construction has been going on at times in Natal, and local merchants have supplied rails from stock. They have been able to compete.

2475. You say: "As regards the coastwise rates of freight, they are not only excessive, but extortionate, the steamship owners charging in some instances as much for carrying goods from here to other coast ports as they get for bringing the same cargo all the way from home, thus greatly hampering a free interchange of the merchandise between the various coast ports." Have you had experience in the coasting trade?—Yes.

2476. Can you give us an instance or two?—I can give you one instance which happened less than a year ago, when some wire was to be sent from here to Port Elizabeth, and the rate charged was 20*s.* per ton of 2,000 lbs. The rate from Europe to Port Elizabeth is, if I remember rightly, 22*s.* 6*d.* per ton of 2,240 lbs. It cost practically the same, or there may be 2*s.* 6*d.* difference, to get these goods from here to Port Elizabeth as from London to Port Elizabeth.

2477. Do you remember what ship they went in?—They went by mail boat, because that was most convenient, as the mail boat was lying alongside.

2478. Would not they have gone cheaper by an intermediate?—No, they would have been the same by intermediate. We have shipped cheese quite recently from here to East London. The rate for that was 20*s.* per ton; of course, the rate from home is 40*s.*

2479. I suppose you ship certain things to Cape Town from here?—I am speaking of imported goods, which have been brought out from home which cannot be interchanged between ports because there is such a very high rate. I had an enquiry during the past week for flat sheet iron; the rate from home to Port Elizabeth is 22*s.* 6*d.* per 2,240 lbs., and the rate from here down the coast is 20*s.* per 2,000 lbs. Then, again, it is on the third and fourth classes that the coast rates are very high, and they prevent any interchange of things. From here to the Transvaal we have to deal with the difference in railage between Delagoa Bay and Durban, which amounts in the case of Pretoria to 1*s.* 9*d.* per 100 lbs., but the sea freight from here to Delagoa Bay costs 22*s.* 6*d.* per ton, so that it is almost cheaper to send goods up from here by rail.

2480. Of course, what are called "terminals" would be the same for the coasting trade as for the long distance—that is to say, the expenses here and the expenses at Port Elizabeth?—Yes, those would be the same.

2481. The saving would be in the coal, I suppose?—There is a distance of 400 miles between here and Port Elizabeth, and 6,700 miles from here to home. It does not seem reasonable that the rate should be the same.

2482. You say, "Regarding the rates from here to Europe, I think that in most instances it would be possible to obtain considerably reduced rates if there was open competition." Could you give me instances there?—Many steamers come here to coal, which may be in ballast, coming back from the East. They would willingly fill up at a reduced rate.

2483. They would be uncertain, I suppose?—They would be uncertain, but if they knew there was a certain amount of trade to be picked up they would come here. I daresay a good many steamers would call if they knew they could get cargo here. Of course, now, every shipowner knows he cannot pick up anything in South Africa.

2484. There is not much cargo to be had, I suppose?—A fair amount at times, during the height of the season.

2485. Do you do much?—No, that is not in my line of business.

2486. Not even a shipment of mealies or wool?—A little, but not worth speaking of.

2487. You have a concession now with regard to mealies?—Yes, obtained by the Government. That rate is quite an acceptable one. It enables an export trade to be done. That shows that business can be built up if the rates are reasonable. If the rates were reasonable for other goods an increased trade could be done. On wattle, a difference of 10*s.* a ton would probably enable the Natal product to compete in a quarter where otherwise it would have no show.

2488. Then you say, "Only within the last month I have had to make the experience that to send a small sample lot of certain Colonial productions to the Continent, where there is a likely market for same, I was asked to pay as much as 5*s.* per cubic foot (the consignment in question measured 5 feet), and as a personal favour it was ultimately taken at 3*s.* per foot; yet another company had even asked 6*s.* per foot." That is a small parcel?—It is just a sample box. The rate for samples of goods is so high that it is almost prohibitive to send them. It would go a long way to encourage trade if for these small parcels a reasonable rate were established, and also a low rate for quantities.

2489. You think this should have been a special rate because it was a sample consignment?—Yes, I think that altogether there ought to be a reasonable rate for small consignments.

2490. Because there is a chance of their growing into large consignments?—Yes, and building up a trade. If you want to send a box of jam home, which measures close on 2 feet, and it costs you 7*s.* 6*d.*, you cannot send any.

2491. What would be the value of the jam?—About 10*s.* a case.

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2492. 10*s.* worth of jam would cost 6*s.* to send home?—Yes.

2493. That stops your trying to do this?—Yes. This had to go to the Continent, where was a certain demand for these goods. There is a certain outlet. Some goods have a better sale in England and some a better sale on the Continent, and I think we ought to have the facilities for building up that trade, especially if the steamship owners constantly say there is no backward cargo.

2494. There is rather a different taste in fruits and sweets on the Continent to that which there is in England, is there not?—I should say there was a bigger demand for jams in England than there is on the Continent.

2495. The jams that you meet with are different in their make and in their flavour, are they not?—They are sent from here to Europe, and the people who have had them like them, and I think it is quite probable that a regular demand could be created.

2496. At present you have hardly any markets in Europe, I suppose?—Hardly any.

2497. With regard to Question 7, you say you are not in a position to deal with that matter. In regard to Question 8—"Would it be practicable for South "African merchants to combine and charter tonnage "in the open market for their consignments?"—you say, "I think it is quite feasible for a number of "importers to charter tonnage in the open market for "their consignments, but I very much doubt that local "merchants, or those in any other of the coast town "ports, would be prepared to work hand in hand with "such an end in view." Does that mean you do not think the merchants of another port would work with the Durban merchants?—I do not think the merchants here would themselves be sufficiently united to charter steamers. I do not think it would be practicable for them all to unite and say, "We will have "our own steamers running," and, probably, there would be a good deal of competition between Port Elizabeth and Durban and East London and Durban; one section would not support the other.

2498. You are all pretty independent, are you not—Port Elizabeth, East London, and Durban are all fairly independent of each other?—Quite, I should say.

2499. As a matter of fact, they do not combine much?—No.

2500. Then with regard to the remedy, you say, "If "rebates were abandoned and the various members of "the Conference made provision as suggested by me on "page 2, under section 4, I think a workable basis "would be found." That is the question of the reduction of tonnage, is it not?—Yes.

2501. Which would fill the boats better?—Yes, and, therefore, give the owners full cargo, naturally, with the possibility of correspondingly reducing the freight if necessary.

2502. Supposing your trade increases a good deal in two or three years' time, what would be done? Would you have to build new boats?—There are such things as opportunities to charter. If there is no difficulty in doing that, the tonnage of Great Britain is quite in excess of the demand to-day, and shipbuilders are always ready to augment the supply if they are paid for it.

2503. Is not that an argument that if the tonnage was reduced it would mean laying up a lot of boats?—The companies would know what to do with their boats.

2504. Is not that an argument against your present proposal, that they would save by laying up their boats?—I think they could employ them on other lines.

2505. There would be a difficulty in that, would there not?—I do not know. There seems to be ample trade in other parts of the world which they could take part in.

2506. Do you not think there are a great many importers and merchants who attach importance to the very frequent services which they have here?—I could not say. I do not think any merchant would want better than a ten days' service. If you take our two direct Lines, the mail boats and the two German boats, that gives you 13 boats in a month, when besides those there are Ellerman and Harrison and the Clan Line calling at regular intervals, so that you will have quite so many boats as you require; and I say if the trade grows we can increase the tonnage. There will be no difficulty in doing that.

2507. Are your views shared by a number of people here, or are they peculiar to your firm?—They are shared by many of my friends with whom I have discussed this matter.

2508. You do not appear on behalf of any Association?—No.

2509. Have you ever thought of getting any sort of control by the Government over these companies?—No.

2510. You do not contemplate any outside authority having a voice in settling either the rates of freight or the rates of port and port; you would leave the shipowners to settle all these thing if they would only do away with the rebates?—I think the shipowners should not busy themselves about port to port rates. They should quote a rate which leaves them a profit to those merchants and to those ports where merchants are who are willing to give them cargo. I think it is quite outside the province of the shipowner to create a difference between different ports, and it is for the South African people themselves to arrange their internal railway rates.

2511. Each would arrange its own railway rates?—They can arrange in conference with each other. We all hope sooner or later to be united.

2512. You look forward to a time when they will pool the railway rates?—I look forward to the time when federation will come and all will work with a united object.

2513. You do not think of these Governments having any say in the ocean freight rates?—Only if the Conference should persist in charging rates which are detrimental to the best interests of the importer. Then the Government ought to have power to prohibit boats calling that have any rebates or that are working under the rebate system.

2514. You would give them power by law?—In case of necessity.

2515. (*Sir John Macdonell.*) How long did you say you had been in business?—Seventeen years.

2516. You have not had experience of the working of the system which existed before the rebates existed?—The rebate has existed from before the time I have been out here.

2517. There is one small point on which I should like information. You state in your answer to Question No. 2 that the wholesale importer gets the benefit of the rebate, except, as a rule, a small commission which he has to pay to the home agent who collects. Do you know what that commission is?—2½ to 5 per cent.; certainly not more.

2518. It has been stated to us in London that it was somewhere about 1½ to 2 per cent. Is that correct?—I dare say the biggest importers have a special arrangement, and can get it done at 1½ per cent. I should say 2½ per cent would be the average.

2519. You find fault with the coastal rates. You find fault with them in the first instance because as a whole they are excessive, and secondly because as between the various ports they are arbitrary?—That is so.

2520. May not the excessiveness of these coastal rates be due, to some extent at all events, to the fact that there is along the coast no complete competitive railway system?—I think that the boats could do a bigger trade and the coastal service could be improved independently of any railway system, if rates were more reasonable.

2521. From your experience, or from what you have heard respecting the coastal trade of other countries, you probably know that to a large extent the coastal rates of steamers are controlled by the corresponding rates of the railways, and, *vice versâ*, the rates of the railways are controlled by the rates of the coastal steamers?—Where there is competition rates are lower, and where there is no competition rates are higher.

2522. There is, as one sees from the map, a conspicuous gap in the railway coastal system?—Quite so.

2523. Therefore, even if you had no rebate system, even supposing that you had for a time the open free market, is it not just possible that you would have a combination of steamers, so far as the coastal trade is concerned, in the absence of a complete coastal railway service?—I do not think so.

2524. You think that is a very unlikely contingency?—I think that many steamers coming here and going down the coast would be glad to take cargo at a reasonable rate.

2525. Steamers coming from India and going on?—Yes, or from anywhere.

2526-2527. You think there are a considerable number of Lines operating between Australia and different parts of India, and probably some other portions of the world, which would call at these various coastal ports and pick up cargo?—Yes.

2528. You have mentioned one particular grievance, the grievance in regard to Durban as against Port Elizabeth?—Yes.

2529. The rates to Cape Town I think are practically the same as the rates to Port Elizabeth?—Yes.

2530. And your rates, according to the calculation which you make, show a difference of 5*s.* to 7*s.* 6*d.* a ton between Port Elizabeth and Durban?—In some instances it amounts to as much as 8*s.* 9*d.* Take an intermediate boat to Port Elizabeth, second-class cargo is only 31*s.* 3*d.*; direct boat to Durban, second class, 40*s.*

2531. The boat that called at Port Elizabeth would stop in the ordinary course at East London?—Very likely.

2532. In your calculation have you provided for that. That would involve some expense, would it not?—It would be compensated for by the cargo which is carried to East London.

2533. Do you know whether there is any difference in the rate of insurance between vessels going to Port Elizabeth and Durban, or whether it is the same?—I do not know as far as the regular lines are concerned. I know with regard to sailing vessels and chartered steamers the difference is generally in favour of Durban. It is cheaper to insure to Durban than to Port Elizabeth—decidedly so as far as sailing vessels are concerned.

2534. That has been the case for a considerable number of years?—I think so.

2535. Even before improvements were made in the Durban harbour?—No, the rates have come down for Durban since the harbour has been improved.

2536. At the present moment you think the rates of insurance are in favour of Durban?—Yes.

2537. Your main remedy, as I understand it, is a reduction of the tonnage of the vessels that are now calling at Durban belonging to the Conference Lines?—Yes.

2538. Do you think that proposal would be generally acceptable in Durban?—It is difficult to say, because I have not gone round asking people.

2539. I should like to have your opinion, even if you have not canvassed people. Do you think such a proposal if carried out would be acceptable by the bulk of the traders in Durban?—I think so.

2540. A reduction of the actual tonnage?—I think so, provided, naturally, it all went hand in hand; with the reduction in tonnage a reduction in rates.

2541. I am assuming that to be so. I am not sure whether or not the problem is complicated by the fact that some, if not all, of the steamers carry passengers. Is that an element to be taken into account?—As far as the direct lines are concerned it does not matter, because they could still sail every 10 days and still carry passengers.

2542. You contemplate exactly the same number of sailings by them both for cargo and for passengers?—On the direct lines and for the mail boats.

2543. But you contemplate, also, that instead of these boats being partly full they would, as a rule, sail full?—Yes, that I think the Conference could arrange amongst themselves, if they did not send additional steamers here.

2544. You suggest that this plan should be adopted and that the rebate system should be abandoned. You suggest it be the policy of the Conference Lines to adopt that course. Have you thought of what is to happen supposing they took a different view and declined to adopt the course which you suggest?—Yes.

2545. What effect would that have?—We should be continually hampered until somebody is powerful enough to come in and break the Ring.

2546. You mean until there is a fresh war of freights which ends in the defeat of the Conference?—Yes.

2547. Do not you think that would be a very disturbing state of things?—The actual happening will be disturbing, but after it is gone we are sure to have reasonable rates.

2548. Do you think some of the things you have in view would be gained by some form of control?—I think they could be gained by some form of control.

2549. What form of control?—That the shipping companies do not put all these steamers on here unless there is a demand, and they can ascertain the demand from local committees.

2550. Who is to exercise that control?—The local committees.

2551. Composed of whom?—Composed of all sections of the mercantile community—not of one section only.

2552. Are they to pass a resolution that a certain tonnage is required for Durban and a certain tonnage for East London?—On a fairly broad basis that would be the idea.

2553. Supposing the shipping companies declined to act on that view, what then?—Then we should have open competition.

2554. In your view the alternatives are reduction of tonnage in the manner that you have described, or a possibility of a freight war?—That is so. If we cannot get this we shall have to find other means to get rid of what we consider a burden at present.

2555. You spoke, in answer to the Chairman, of the service from America being entirely satisfactory. In point of time, are they satisfactory?—I have heard no complaints.

2556. You stated, also, that sometimes the ships belonging to the Conference Line were two, or even five days later in sailing than the advertised times?—That is so.

2557. Could you name a case in point?—Not from memory, but by referring to invoices I could.

2558. Of late years?—Within the last six months.

2559. Could you remember to which Line the particular ship belonged?—I could not tell you from memory. I received advices from my people at home, when I complained about delay, that the boats were not sailing regularly. They mentioned one ship that had been three or four days late, and I know of one instance where one boat called at the West Coast and arrived 10 days late, owing to her calling at a West Coast port.

2560. Are you speaking of something which occurred at rare and long intervals in the course of 15 or 18 years, or an instance which occurred pretty frequently?—A thing that occurs more frequently during these depressed times, and that leads me to suggest that as these boats cannot get cargo they should send out fewer boats.

2561. Should I be right in saying that there is, on the whole, in these bad times, less regularity in sailing than there formerly was?—Yes. That is my personal experience.

2562. In saying that, you have not in view merely one case or two cases, but you have in view a considerable number of cases?—Say one a month, for the last six months.

2563. Once a month during the last six months a boat has been late in sailing—from two days to five days?—Yes.

2564. You also stated that at the present time such regularity as you have and such rates as you have are obtained without any guarantee of their continuance?—Quite so, there is no guarantee whatsoever.

2565. What guarantee would you like? How would that guarantee be given?—Personally I do

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not want any guarantee, but I claim the same freedom for myself as is accorded to the shipping companies.

2566. In other words you want to be rid of the rebate. You mentioned also that from time to time the Government imported certain articles and disposed of surplus stock. Has that gone on to any large extent in Natal?—I know of one or two instances; not to any large extent, but it is always liable to happen.

2567. In what commodities?—In cement.

2568. Any other?—I do not think so.

2569. You object in principle to Governments obtaining any better terms than other customers?—Yes.

2570. Would you say the same as to municipalities?—Certainly.

2571. Have you ever known an occasion in which they have disposed here of any portion of surplus stock?—I do not think so. I know of no case.

2572. Your view would be that all the customers, be they Governments or be they Municipalities, should get exactly the same terms?—Yes.

2573. Would you also insist that all shippers, whether they shipped large or small quantities, should get the same terms?—If this could be, yes.

2574. Then you mentioned a case in answer to a question put to you, about the case of a small consignment of jam. I am not quite sure I understood your grievance. Did you think special terms should be given for these exceptionally small consignments?—The companies trading homewards charge a minimum rate of 25*s.* or 21*s.* for making out a bill of lading, and that I think is excessive. If there are small consignments going home, there ought to be a small rate, the same as there is over railways or in every other kind of carrying institution. A minimum rate of 25*s.* seems to me to be excessive.

2575. You would have some minimum rate?—A minimum rate of 5*s.* would be fair, but 25*s.* seems to me to be very high.

2576. You would suggest the substitution of some such nominal figure?—Say 1*s.* a foot; minimum, 5*s.*

2577. That leads me to ask you whether you think if there did exist such a minimum rate as you suggest, there would be a large development of any particular kind of exports?—There would be a gradual development of exports.

2578. Of what kind?—Of Colonial produce. You could ship home various articles manufactured out here, especially jam and preserved fruit.

2579. Would not there be some practical difficulties in the way of shipping very small consignments of fruit?—I do not think so.

2580. Do you suggest an arrangement by which a vessel should take a very small consignment of fruit from only one customer?—Why not? Supposing you want to send home a sample case of Colonial canned peaches, you could not send a big consignment home for a start. You might have to carry on that experiment for 12 months. The first lot might arrive bad, and you receive instructions from home how to improve it. You can only build up a big export trade by experiments. In this case, I think the things should go under a reduced rate.

2581. You suggest that there has not been sufficient elasticity on the part of the procedure of the shipping companies to provide for all the various kinds of export trade which might be developed?—That is so.

2582. With regard to the coastal trade, you have instanced mealies. Are there any other articles that might to a considerable extent be developed in the way of coastal trade?—Sugar, Natal tea, cheese—East Griqualand cheese.

2583. Let me realise clearly in my mind what the effect of the freight on the value would be. Take the case of a consignment of mealies from Durban to Cape Town, what would be the price of a bag of mealies here?—That depends entirely on the season; they are 9*s.* to-day.

2584. What is the freight for the conveyance of mealies to Cape Town?—15*s.*, I think.

2585. So that the selling price of mealies in Cape Town would not be less than 24*s.*?—It is 9*s.* a bag as against 15*s.* per ton. It is equal to about 1*s.* 6*d.*; there are 11 bags to the ton.

2586. The selling price would be at least 10*s.* 6*d.*?—10*s.* 6*d.* or 10*s.* 3*d.*

2587. Take the next article—sugar. What would be the selling price f.o.b.?—Varying between £15 and £18 a ton.

2588. And the freight to Cape Town?—I cannot tell you for the moment what that is. It used to be 15*s.* or 20*s.*

2589. Do you think the consumer, if there was a reduction of one-half in the freight, would get all or any portion of that reduction?—That is hardly possible to decide, but it might in some cases enable the Colonial sugar to compete against imported sugar.

2590. The other item you mentioned was tea. How would that be affected?—At present there is, of course, very little exported.

2591-2618. On tea, even a very large reduction of the freight would not mean much to the consumer?—No, it would enable the middleman to make a profit where to-day he cannot, and then it would also have to be borne in mind that out here we have not got to the habit yet of reckoning in farthings and halfpennies. If a thing cannot be sold at 2½*d.*, it is sold at 3*d.* Perhaps it could be sold at 2½*d.* if it left the middleman sufficient profit.

EIGHTH DAY.

Conference Room, Railway Offices,
Durban,
Wednesday, September 18th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*.)

Mr. PETER DAVIS, examined.

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2619. (*Chairman.*) You are the proprietor of two newspapers, are you not?—Yes.

2620. Which are they?—The "Natal Witness" and the "Natal Advertiser."

2621. Have you been the proprietor of those papers long?—Yes, going on for 50 years.

2622. You have not exercised any business or calling besides that?—Yes, I am a stationer and printer in a fairly large way.

2623. So that you have had business with the Shipping Companies—I have had business with the Shipping Companies.

2624. Have you had the questions submitted to you?—Yes.

2625. You do not answer the first three. I suppose you have not much acquaintance with the way in which the rebate is worked?—I consider it is so well known that I have not deemed it necessary to take up the time of the Commission about it.

2626. With regard to No. 3, have you known personally of any cases in which rebates have been forfeited by merchants?—No, not actually. I do know that about six years ago a certain firm who had a shipment consigned to them were taken to task by the Ring, and the Ring refused to bring their goods out to Natal. There was a great hubbub made about it at the time, and reference to newspapers, and, I think, the Report of the Chamber of Commerce for that year will give all particulars.

2627. Then with regard to question 4?—My objections are of a general and public character. I object to the system of Rings on the ground that no legitimate competition is possible against a cleverly organised and powerful Ring, such as exists in connection with the South African shipping business.

2628. You consider that these objections outweigh any advantages to be derived from the system?—I think they most decidedly outweigh any advantages. I go on in my next paragraph to say that deferred rebates are the bond by which shippers are tied to and dominated by the Ring. The rebates form a fund controlled by the shipowners with a view to a certain distribution at stated intervals. This system, as it is intended to do, tends to satisfy the shipper and the merchant, who regards the accumulative rebates as a nest egg for himself; and I say further that the consumer rarely, if ever, receives any benefit from the increment.

2629. I should like to ask you whether that is so from your knowledge?—Yes, it is in my knowledge. The importer in marking off his goods charges on the invoiced rate the full freight. He is in doubt as to whether in the 12 or 15 months afterwards something may not have occurred which would forfeit the payment of this rebate to him. My knowledge in many cases is that it is not considered in the marking of the goods for sale.

2630. Would not it be necessary in competition for him to make some allowance in invoicing his goods?—In certain cases I suppose he would.

2631. Would not the force of competition make him allow something for the rebate?—Not to any very great extent in my opinion.

2632. With a small consumer the amount of the 10 per cent. rebate would be so very small?—Just so.

2633. Hardly worth considering?—10 per cent. on £1 is 2*s.*; 10 per cent. on £1,000 is £100.

2634. Do not you think a large consumer would look after himself in that way?—In keen competition, but not in the regular course of business.

2635. You do not think there is competition enough to get the consumer that 10 per cent.?—I am inclined to think that this rebate when it ultimately comes to the merchant is simply a very pleasant balance to be carried to profit and loss account.

2636. Is that one of the reasons why in England a good many of the merchants are not so very much opposed to the system of rebates here?—I should think so.

2637. You think that is the reason?—Yes. It forms a fund which is ultimately carried to profit and loss account when he gets it.

2638. That would hardly account for the change which there seems to have been here on the question of Rings and Conferences quite recently?—I think the merchant here is influenced by the same reasoning. The man who feels that he has, say, £1,000 to his credit as rebates is naturally inclined to say, "Well, this is a very good thing "for me as a merchant."

2639. Why should that influence him more now than a year or six months ago?—I think that we are all kicking against the power of the Ring: we want to be free: we want to feel that while we can go into the open market for our goods and make the best bargain we can with manufacturers and dealers, we should not have a hard-and-fast barrier directed against us by the shipowners.

2640. I am sure you are much in touch with public opinion here, and I thought you might be able to tell us to what this change is due. There has been a change of opinion recently: the feeling against the Ring is not so strong as it was, is it?—I do not think there is much real difference.

2641. We have been told that the Chamber of Commerce could not get a meeting of any size or a resolution

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at all against the rebates?—I think if you look at the composition of the Chamber of Commerce you will see it is formed chiefly of interested parties.

2642. You think there are so many people that are interested?—Yes.

2643. There has been no official and no representative evidence given against it?—I think you will find that to be the reason.

2644. You do not know the composition of the chamber, do you?—I am not a member of the Chamber, but I do know that several of the Shipping Houses are represented on it.

2645. You have been watching this thing for some time, have you not?—Yes.

2646. And you cannot give me any distinct reason for this change?—I have not found any change amongst the general public. There has been a feeling of resistance and of irritation against the bondage, and I do not think that has disappeared, except in the case of sundry merchants who are content to have their rebates.

2647. There is an article here in one of the papers called "Cape Recanters"?—It sounds very much like a sporting phrase.

2648. It says a section of the Cape merchants have recanted, and there seems to have been a recanting in Natal also. This article was from the "Natal Advertiser." That is your paper, is it not?—It looks like my paper.

2649. That refers to the Cape, but from what we have heard there has been rather the same movement in Durban?—I am not aware of the movement. You do not wish me to go through this article?

2650. No. I only showed it you because I am sure you must be a good deal in touch with public opinion on these things?—This seems to me rather to condemn Dr. Jameson and those who at this critical stage are playing into the hands of the Ring, consequently it is a condemnatory article so far as the newspaper's opinion is concerned.

2651. Of course, you know there have been recent changes in the rates?—Yes, I do.

2652. Do you think that has affected opinion here?—Not to anybody who understands what the change amounts to.

2653. There have been one or two changes—this change of the reduction of duties on the export of mealies from Durban?—Yes, I suppose they succumbed to pressure in that respect and met the wishes of Government in that connection.

2654. Even that kind of concession would not alter your opinion?—Oh, dear no. I go in for the necessity of free trade in shipping freights as in other ways.

2655. You think there must be a control over the Shipping Ring or Conference?—Most decidedly. I want shippers to be able to go and find the best market they can for their freights.

2656. I suppose you do not want to have fluctuations in freights?—Yes, if they fluctuate downwards I do.

2657. At the present time, with the high price of coal, they might be fluctuating up?—They might. I think freights should be subject to fluctuation to some extent. They would be subject to fluctuation if the cost of coal continues to go up. The Ring can command their market.

2658. In that respect you do not agree with a good many merchants who like to have stable rates?—They like the stable rates because, as I have said previously, they have got a fine nest of eggs accumulating.

2659. Is there any other reason in your mind why they like the stable rates?—That is the main reason. And, of course, it saves trouble: it saves rushing about to look after freights. I may say that in my opinion the freights are too high. I do not mean to say that the shipowners are making undue profits because I have never seen their balance-sheets.

2660. Why do you think the rates are too high?—They are too high in comparison with the freight from other countries.

2661. Which other countries?—Say from Canada and America and from the Continent until the ships from the Continent were captured by the Ring. They are much too high in comparison with what the freights were.

2662. Now I suppose you are aware there is very little difference?—Of course, as soon as they come into the Ring they are controlled by the Ring, and something like equality is brought about.

2663. You do not know anything about the Continental trade, do you—about the through rates from inland towns in Germany?—I do know that my shipping accounts do not show the rates from inland towns. I get it at the rates as though the goods were manufactured at the shipping port.

2664. Where do you get your goods from?—I am speaking now chiefly of pianos.

2665. You import pianos?—Yes, I import anything I can sell, but not in a large way.

2666. That makes you more of an authority on these matters?—I know I can lay pianos down here at a very considerable reduction in cost of freight from the Continent to what an English piano would cost me of the same dimensions. I can still do that.

2667. That is from Germany?—Yes.

2668. What rate do you pay, do you remember?—No. The trade in pianos has nearly disappeared, and I have not had any the last few months.

2669. I suppose it is not a good time for selling pianos?—A very bad time indeed.

2670. You get a rate from the interior of Germany of about the same amount as you would from London?—Yes.

2671. Do you get other goods from the interior of Germany?—I used to get reel paper for the newspapers and I have had it from Belgium and from Hamburg—I do not know where it is made because I bought it of a factor—and right up till recently, until the Austrian-Lloyd's ran off, I have been using an Austrian paper.

2672. Where does that come from? Do you buy it delivered here?—C.i.f.—yes, I am not the importer of it. I do not pay the freight.

2673. Do you know what the freight is?—No. I do know that I was first impelled to buy paper from the Continent because I could get it laid down here at the veriest trifle more than I could get it f.o.b. London or any English port. I am practically saving the freight ever since I turned my back on the English paper-maker and took up foreign makes.

2674. Is that because of the price of paper being higher in England?—To some extent. I never found that the English paper manufacturer could compete; he could not enter into freight arrangements, which I have no doubt the Continental maker does or did.

2675. That has helped the Continental maker a good deal?—Decidedly. It turned the South African newspaper trade on to the Continental maker.

2676. You think the paper used in most newspapers in South Africa comes from Germany?—Most of it did. Some was from Belgium. I have had it from Belgium too. I may say now that the principal newspaper proprietors in South Africa have entered into contracts with a Canadian firm for the supply of their reel news. The Austrian-Lloyd enabled Austrian paper makers to supply us at a lower rate than the English manufacturers could, and the Canadians are now taking up this paper trade.

2677. Having their raw materials near and cheap, I suppose?—Yes, and I think an understanding with regard to freight. I do not see how they could do it otherwise.

2678. You buy the paper c.i.f.?—Yes, I practically buy it in Durban.

2679. And there is apparently no sentiment in buying paper; you buy it as cheap as you can, whether on the Continent, Belgium, Germany, or Canada?—All things being equal, there is a certain amount of sentiment, that is to say the Englishman would rather have his goods from England, but when the pocket is touched sentiment does not come in.

2680. Do you buy anything from England?—Most of my miscellaneous goods, and also a certain amount of printing paper of finer qualities.

2681. The finer qualities come from England still, do they not?—Yes.

2682. In answer to question 7 you say that you are aware of preferences in rates being given to importers?—Yes, I only know what is public knowledge, with regard

to the Governments the mining Houses and certain Municipalities.

2683. Do you think preferences ought to be given to Governments?—Most emphatically not. If the Government can import goods at less price than I can, I am out of competition as regards Government contracts.

2684. Supposing they are importing goods such as neither you nor other importers would supply, such as rails and pipes for waterworks and so on. Would not you allow them to import them cheaply?—Yes, certainly, but they ought to import them through an open freight market. They ought not to be tied to a Ring.

2685. But they would be tied probably by a contract?—Yes, and it is a contract which I believe prohibits them from getting their shipments by any other than Conference Lines.

2686. Is not that the usual form of contract. If a man has a great deal of custom to give, does he not agree to give that custom on condition of getting a low price?—Yes. I should approve of contracts if publicly offered.

2687. Would you carry that on to Municipalities. Would you let them make contracts?—Certainly.

2688. But you would not let large importers get their things cheaper than small?—They can knock out the smaller ones. As a matter of fact, to a certain extent, of course, they can. It goes without saying. If a man feels that in 12 or 15 months' time he will get £1,500 of rebates, naturally he considers that, although he does not regard it in the marking of the goods.

2689. You think he can generally keep it?—Yes.

2690. With regard to the remedy, you suggest the abolition of rebates?—Yes.

2691. How would that be done?—By making them illegal.

2692. My friend will take you on that point. Do you think that can be easily done?—No, there are difficulties in the way.

2693. You were not in favour of the reduction of the rebate from 10 to 5 per cent.?—I do not see the use of it. If they reduce the freight with one hand, and reduce the rebates with the other, it is as broad as it is long.

2694. Would not you sooner have the reduction of the freight coupled with the reduction of the rebate, as giving a weaker weapon?—Just so; but it is not sufficient.

2695. 5 per cent. is a weapon as well as 10?—Yes, it amounts to a large accumulation to large importers.

2696. Did you follow the proceedings of the London Conference a year and a half ago?—Only in a casual way.

2697. You did not follow the agreement which the Governments of South Africa proposed?—I know generally what the agreement was; whether there was any sub rosa clause in it I am not aware.

2698. The agreement was published?—In full?

2699. Certainly?—Well, I know it generally.

2700. Are you in favour of that?—No, decidedly not. I do not think the Government ought to have entered into any compact whatever with the Ring. I think the Government should have turned its back completely on a Ring.

2701. Even with getting the freights reduced?—Evidently South Africa was done down in that way. It is no use giving 2*s.* 6*d.* with one hand and taking it away with the other.

2702. If that agreement had been carried out; if the South African Governments had got what they asked, there would have been a considerable reduction?—I object to any Government entering into any compact whatever with Rings.

2703. You would not have it even if you had greatly reduced rates?—Certainly not. If I controlled the Government I would not have had anything to do with the Ring.

2704. You know there was an arbitration clause in it, with ways of remedying any disagreements or disputes ——?—I am not aware of that.

2705. Anyhow, you want the total abolition of rebates?—Yes.

2706. (*Sir John Macdonell.*) You are opposed, I think, on principle to the existence of Rings?—Yes.

2707. And even if no grave evils resulting from the Rings were shown to you, still, on principle, you would be opposed to them?—Yes, I consider it would be desirable in the interests of South Africa to have no rebates—no Ring, in fact.

2708. Of course, there is a certain body of opinion, large or small, in Durban, favourable to the continuance of the deferred rebate?—Yes, I am aware of it.

2709. Should you say that opinion was not larger to-day than it had been in the past?—I regard it as the opinion of directly interested parties, interested in accumulation of rebates with a view to getting a balance on the right side of the profit and loss account.

2710. Assume that the freight on a particular article was 20*s.*, and that the rebate was 2*s.*, do not you think that competition, which I suppose is fairly keen, would enable the consumer to get some benefit from that rebate?—I think only when a biggish deal is on. As I have said to the Chairman, I feel that when marking off the goods for general sale by the assistants, this rebate is not considered.

2711. I understand you to say you are confident about that so far as small sales are concerned; but that would not be true, would it, when the sales were of considerable extent?—Certainly, the keen merchant would consider every detail in connection with his business.

2712. And I suppose there is tolerably keen competition in Durban?—It goes without saying.

2713. I take it that just at present the competition is as keen as it ever was?—Yes.

2714. So that one may take it, that at all events, as far as large sales are concerned, competition would affect this matter?—Yes, but a deferred rebate brings an element of uncertainty into the mind of the merchant as to whether he will ever get it.

2715. Would you, looking at the matter calmly, say that the present system had no advantages of any kind?—The present system does not present any advantages to my mind.

2716. I suppose at the present time you have not complete stability of freights, but something like it?—Yes.

2717. And I suppose you have regularity of shipments?—Certainly.

2718. And you have also got the fact that the shipping companies do not, to any large extent, engage in trade in various commodities?—No, I believe that the merchants object to their bringing out goods for sale themselves—in fact, turning themselves into merchants—and I believe it has been stopped.

2719. Are you sure that all or any of these advantages would be enjoyed, supposing that you had the matter of freights determined by free competition?—I do not see why the merchant should not get his freight in the cheapest market, the same as he gets all his goods.

2720. That may be so, but that is hardly an answer to my question, which was, are you sure that these advantages, or any of them, would be enjoyed if the matter was left to free competition?—How can one be sure. Let us try it, and then ask me the question.

2721. Would not the trial be rather a leap in the dark?—I should like to try such a leap in the dark.

2722. It might be suggested that the leap would not be made by you, but by other people?—Other people may have their opinions.

2723. You do not mind their making a leap in the dark?—No, not a bit.

2724. You mentioned pianos, which I think you carefully stated you have imported only to a comparatively small extent?—In good times I imported a fair number.

2725. I am glad to have that correction. Then I think you mentioned paper. I think you also mentioned another article?—I do not know whether I mentioned it, but straw-boards, used for binding, of Belgium or German make, I have imported.

2726. May I take it as regards pianos, and as regards paper, and as regards straw-boards, these articles are made cheaper in the countries which you quote?—Certainly.

2727. So that deferred rebates or no deferred rebates, you naturally would have gone to these countries?—At any rate, I had not gone there; neither had most of the

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other newspaper people, until Ring tactics turned us to foreign markets.

2728. Take paper. I suppose it is common knowledge that various works have been established in Canada for the purpose of turning the forests into paper. That change has taken place in comparatively recent times?—Yes.

2729. You naturally go there because you find the commodity can be manufactured there cheaply?—Yes.

2730. Have these facts any close relation to deferred rebates?—I quite see the point you make and there is a great deal of reason in it. It was the establishment of the Ring that first drove me away from the English market for these rougher goods. Until they began to put up their freights—and at first this rebate was a secret rebate; you only got to know of it by experience after a considerable interval. The shipping agents used to keep it in the early days.

2731. When you say early days, what date are you thinking of?—Say five years after the establishment of the Ring, which was about 20 years ago. It was not generally known. It was only the keener merchants, those who had their London Houses, and it gradually became known, but it was sufficient to turn the trade away from Great Britain.

2732. Do we not return after all to this fact, that the commodities which you have mentioned are manufactured cheaper in those countries than in England and that you would naturally go to them. The cheaper freight has been the moving element in the loss of trade to Great Britain.

2733. There was one incident which you mentioned. I should like a little more explanation about it. You mentioned one case which occurred I think some years ago, where a particular member of the Ring had actually refused to carry the goods of a certain firm. Are you at liberty to mention the particular member of the Ring?—I mentioned it, confidentially. It was notorious at the time.

2734. Do you say you mentioned the name of the shipping company?—It was the Shipping Ring.

2735. You were dealing with some one company, were you not?—I am not familiar with the details, but the fact is well known to anybody who was in the Colony at the time; anybody interested in shipping.

2736. You cannot remember the exact circumstances?—I referred you to the reports of the Chamber of Commerce and to the papers, I think, about six years ago. It can be easily ascertained.

2737. You cannot at the present moment remember. That is enough. At the end of your remarks here you say: "This would to a great extent put it out of the "power of the Ring to penalise shippers unless by "boycotting them." Do you suggest by those words that, deferred rebates apart, there is any system of boycotting?—Yes, I have always understood they have the power of refusing to carry the goods of anybody who breaks their so-called contract.

2738. I would like a little more information about that. In the first place, within your own experience, has such refusal taken place?—I have never been under the ban. They have never taken me to task; with regard to my using foreign papers, coming out in foreign bottoms, and so on, because I have not been the actual importer.

2739. May I take it then in your experience that has not taken place?—Had I been the actual importer I am quite sure that it would.

2740. Not being the actual importer it did not take place?—It did not take place.

2741. Do you know the circumstances of any such refusal in the case of others?—There is this one case, of which you may ascertain the particulars. That is the case of which I have a knowledge.

2742. Have you in your mind any other cases of so-called boycotting?—No, not of my personal knowledge. Only report, of which I cannot give details.

2743. When you say you have always understood that they claim to exercise the power of refusal to take goods, you cannot give me any instances in which goods have in point of fact been refused, other than this case?—No, I am not in a position to do that.

2744. I think you stated in answer to my friend, that you would not be satisfied with any modification of the present system, say reducing the time within which the rebate should be held—that would not satisfy you?—If they were to give a discount instead of a rebate it would remove the objection.

2745. I quite see that, but what would you say supposing the time within which the rebate was held were reduced from six months and six months to three and three?—Oh, no.

2746. That would not satisfy you?—No.

2747. Would you think it an important improvement if, at the end say of two years or three years a balance were struck and, in the event of anything being done by the shipper in the way of shipping outside, that the Shipping Companies should not be able to penalise their customers for what had taken place, as to the rebates in the past. Should you be satisfied with that?—I would not be satisfied with anything except that which would allow our port to be open to any shipper.

2748. In other words, total abolition?—Yes.

2749. Give me your assistance in explaining how the rebate is to be abolished?—I think it is only a ship owner that can tell you that. If I knew the amount of their deferred rebates which they hold for other people and the vast amount which I take it they have accumulated, because they have never been claimed by the small shippers, then I might be able to say how it should be abolished.

2750. You say "The vast amount which remains "unclaimed." That is a conjecture?—That is a conjecture.

2751. It might turn out not to be vast, but small?—If you would kindly tell me——

2752. I am only asking a question?—Perhaps my idea of vast and yours may be different. You may consider millions to be vast, I may consider tens of thousands.

2753. I am only asking whether that statement is founded upon actual knowledge or upon conjecture?—It is upon conjecture, but it is obtained by sundry items, which appear in public every now and then.

2754. I am asking in order to elucidate the subject and only to preface the further question how would you carry out the abolition of the rebate system?—You can only do it legally. They are to strong to be knocked out.

2755. You have studied the subject for a considerable time. What would be the lines upon which the legal abolition of the deferred rebates should proceed. Is it to be made a criminal matter?—I have avoided that question in my precis because I do not feel qualified to discuss it.

2756. If you tell me you would rather not go into details I will not press you further?—I am not prepared to go into it.

2757. You said you saw some difficulties in the way?—Yes. I will leave it at that, with your permission.

2758. You would rather not discuss it?—I am not prepared to say how the difficulties can be overcome.

That is a very frank statement; I will not ask you anything further.

REV. JAMES SCOTT, examined.

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2759. (*Sir John Macdonell.*) You are a clergyman?—Yes, I am a missionary of the United Free Church of Scotland, but I am also President of the Agricultural Union of Natal.

2760. Where do you live?—Between Maritzburg and Greytown—Impolweni.

2761. You have been good enough to answer certain questions which you were asked. Before putting them to you, might I ask whether you have had any experience in trade of any kind?—Yes.

2762. *In what kind?—In Kaffir trade in Natal many years ago. I have been in Natal for 57 years, and I was in trade.*

2763. *In what years?—For about 7 years—35 years ago.*

2764. Since that time have you been engaged in any trade?—No, I have not been engaged in it. I have watched it.

2765. Though not in trade, you are President of an Agricultural Association?—No, I am President of the Union of some 60 or 70 Associations.

2766. I am much obliged for the correction?—The Union embraces societies or associations all over Natal. I come here as representative of the New Hanover Agricultural Association. There was no time to call a more general meeting together.

2767. These various associations are composed, I suppose, mainly, or largely, of farmers?—Largely.

2768. Are there any other elements in the Association—traders or storekeepers?—They just join us in a friendly way. They are not largely represented. They are farmers chiefly.

2769. In the main, these associations are bodies composed of farmers of the neighbourhood?—Yes.

2770. Has the subject of deferred rebates ever been discussed by these associations?—It was discussed in what is now the Union some ten years ago, when I brought forward motions on the subject. I was in a better position to speak then than to-day.

2771. I have no doubt you will give us all the information you can to-day. Has the subject been before the Union lately?—No, not very lately.

2772. No resolution has been brought forward on this subject before the Union lately?—No, not before the general Union. I have no doubt you will get resolutions from a larger Union next week.

2773. For the moment we are dealing with the past?—No, I do not remember any resolutions. I think it has been referred to, but nothing very much has been said or done in the matter.

2774. And no definite resolution on the subject has been passed?—I do not remember any one.

2775. You were asked various questions as to whether or not the merchant in South Africa gets the benefit of the rebate, and you said in your answers you preferred not to deal with those questions?—No, they are not questions that I am prepared to deal with at all.

2776. Then you are asked this further question—"What objections, if any, have you to the system of "Rings or Conferences, and to the system of deferred "rebates," and whether you consider the advantages to be outweighed by the disadvantages—and your answer was that you objected to Rings as opposed to free trade, and tending to unnaturally raise the rates of freight—"Deferred rebates are part of a system "which raises rates." Could you give me some instances, present to your mind, which in your judgment prove that statement?—Yes, I could give you one. I consider that the wattle-bark which we are producing now could be carried at a much cheaper rate than it is were there free trade.

2777. In the first place, does this wattle-bark come to a large extent from your district?—Yes; it is one of the principal districts for producing wattle-bark.

2778. Has it been sent from your district for some years past?—Yes, for some 15 or 20 years. It commenced in our district about 20 years ago.

2779. Has the trade in wattle bark in your district increased?—Very largely; it is increasing rapidly.

2780. Would you mind telling me how the business in wattle bark is done in your dstrict?—The bark is bought up by exporters. One of the principal ones is the Executors of the late von Bulow; his estate is the principal buyer in our neighbourhood.

2781. These being the large buyers, from whom do they buy?—From the farmers.

2782. Do the farmers bring the bark to market and dispose of it in the market?—They sell it to him and other buyers, and deliver it to his mills where it is cut up and sacked for export.

2783. Where is the mill?—He has three or four mills in different parts of our district.

2784. That is the way in which the business is carried on. You find in this business some facts which you think show that the deferred rebate system is wrong. What are these facts?—The fact that the shipper has to pay a higher rate than in many cases he would have to pay could he go into the open market.

2785. You are talking of the freight from Durban?—Yes.

2786. What is the freight from Durban at the present time?—25*s.*, with 10 per cent. primage.

2787. 25*s.* to the United Kingdom?—I think so—to London. It was 20*s.* some time ago, but it was raised.

2788. Do you know when the rise took place?—I cannot give the exact date. I was one of a deputation of delegates on the matter some three or four years ago. The rate would have been raised higher but for the outcry, and the growers threatening to ship by other lines.

2789. Was there any intimation issued of a higher rate?—Yes, 30*s.*

2790. Where did that intimation appear?—From the Shipping Ring.

2791. Would you mind identifying the document which stated 30*s.* was to be charged?—I cannot do so from memory, but such was the fact, because von Bulow and myself and others were sent down as a delegation on the matter.

2792. Without asking you to identify it, do you remember an intimation being published by the Shipping Conference to the effect that the rate would in future be 30*s.*?—It was made known to the shippers that it would be.

2793. You yourself saw that notice?—We took action upon it, and sent a delegation down to meet certain of the members of the Ring.

2794. Do you know whether the same rate of 25*s.* is applicable to any port on the Continent of Europe?—I am not quite sure about that. I have not made enquiries recently, and I cannot answer that question. I think it is, but I am not quite sure.

2795. Are you aware whether in the case of wattle bark that is sent to the Continent the shipping companies may have, in certain cases at all events, to pay the charges of conveying the wattle bark from London to the Continent?—I remember it being mentioned, but I cannot remember the details.

2796. Have you had occasion to consider how wattle bark is put on board ships—whether it occupies a large amount of bulk for its weight?—Yes, it does—about 2½ tons bulk—2½ times the 40 feet.

2797. You would, of course candidly own that some account ought to be taken of that?—No doubt.

2798. Have you considered how much account should be taken of it?—I have not. Not being an expert or in the business, I have not gone into the minutiæ.

2799. I gather you thought the charge was excessive?—Because, had we free trade, we could do it cheaper. That is the only ground I go upon. We were offered by outsiders a much lower rate—a rate of 15*s.* per ton weight.

2800. By whom?—I am not sure if I am at liberty to answer that question. I cannot name the company.

2801. Will you write it down?—(*Witness handed in paper.*)

2802. I do not want to pry too much into this offer, but I think I must ask one or two things about it. About what date was this offer made?—At the same time that I have spoken of, when the delegation came down some three or four years ago, when the rise was made from 20*s.* to 25*s.* It was then supposed to be raised to 30*s.*, but after communications were passed it was raised to 25*s.*, and not to 30*s.*

2803. Again I will ask you a question, and if you would rather not answer it I will not press it. Was this offer made in respect only of the bark of your district?—It was with the idea of getting the whole of the bark of the Colony, undoubtedly.

2804. I do not want to ask questions which you would rather not answer. Was this an offer to ship the bark at a lower price provided all the shipments of wattle bark were given to that firm?—I have not the thing before me, so that I cannot go into minutiæ. The agent that was acting for us could give you that.

2805. Of course, that would make a considerable difference, you will admit?—Yes.

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2806. Before one could judge with very much accuracy or confidence about the advantage of this offer, one would require to know that fact among others?—Yes, undoubtedly.

2807. Are you aware how the rates for wattle bark have varied in recent years?—Do you mean from this port?

2808. I assume you are speaking only of this port?—I think the only variation of recent years is a rise from 20*s.* to 25*s.* Further back it was much higher.

2809. Supposing we go further back. Your memory enables you to go a long way back. What was the rate?—The first rate I heard of was 35*s.*

2810. Was not there a rate higher than that?—Possibly; I cannot say; I was not interested in it in those early days.

2811. You have not heard of a rate of 40*s.*?—It is quite possible that was the rate, but I do not remember it.

2812. You do remember a rate of 35*s.*?—I have heard that quoted or spoken of. I have no doubt there was such a rate.

2813. Was not there a further reduction to 30*s.*?—I suppose so. It came ultimately to 20*s.* I think I am correct in saying that for a time it was 20*s.*

2814. At one time before, was it not 25*s.*?—Possibly it went down when the quantity was increasing and the competition for it was more active.

2815. So that at all events wthin your experience there has been a decline in the rate from about 35*s.* to at one time 20*s.* and at another time 25*s.*?—Yes.

2816. In your view, these rates have paralysed the trade in wattle bark; is that too strong an expression?—Rather too strong.

2817. Will you give me the right expression?—Handicapped, I suppose, to some extent.

2818. The trade in this wattle bark, you have stated, is to a very large extent in the hands of the executors of this deceased gentleman?—Not all. He did export about a third of the quantity in the Colony. There are many competitors now in the market.

2819. Among them are there companies engaged in the trade?—Of exporting or producing?

2820. Either?—There are companies producing, and there are several firms in Durban and others in Maritzburg buyers and exporters.

2821. Taking the last ten years, has there been an expansion or a contraction of that trade?—A great expansion; it is expanding rapidly.

2822. So that, rates notwithstanding, there has been this expansion?—Notwithstanding the rates. It is one of the few profitable industries Natal possesses.

2823. Can the weight of the rates be so very crushing if this industry, so crushed, is one of the few industries which you say is profitable?—No; they are not at present crushing it.

2824. I ought not, perhaps, to use that expression; you say "handicaps it"?—Yes, that would be better.

2825. Is there any other fact connected with that trade which you would like to mention? It is interesting, because we have not heard much about it?—I do not know of any other fact bearing upon your enquiry.

2826. Is there any other commodity as to which you would like to speak, which you think has been obstructed or handicapped by the rates?—No, I am not in a position to speak of anything else to-day.

2827. Does your experience as President of this Union enable you to speak as to other articles which you think are handicapped?—No—the other way, rather for the present moment. Mealies are being sent over at a very low rate to-day, but that is, I daresay, somewhat through the influence of your being present here.

2828. It is very good of you to say so?—It is a momentary lull. The screw will be put on when the pressure is off.

2829. That is a great compliment to pay us: I hope it is deserved. There is no other article which you desire to mention?—I suppose, if the wool growers had had the time to speak in the matter, they would very likely have spoken in exactly the same way upon wool, but we have not had time. We were not aware of your coming in time to gather all the information.

2830. You were asked the further question—"Do "you consider the rates of freight from the United "Kingdom to South Africa and from South Africa to "the United Kingdom to be excessive?"—and your answer is, that in some cases they are excessive. You are further asked, "If so, please state reasons for your "opinion." You do not give the reasons?—My reason is, of course, the very general one, that, comparing them with the freights to other parts of the world for equal distances, they are higher.

2831. What countries?—I did not get time to look up these matters. I took it from men engaged in the shipping trade. I have met men engaged in business, and they have told me over and over again that the rates we pay are far above what is paid in other parts of the world. My son has been travelling lately, and he has seen that other countries get cheaper rates.

2832. The next question you are asked is, "Are you "aware of any preferences (secret or otherwise) in the "matter of rates having been accorded to favoured "merchants and importers which are not accorded to "all?", and your answer is, "I am aware of such." ?—Will you take the rest of my answer.

2833. That is all that I have?—The information that I have I cannot make public in this way; I am not at liberty to publish it.

2834. Do not think that I am desiring to get what you would rather not give, but do you feel at liberty, while not mentioning names, to state the circumstances?—I have been told by the persons that got it, that they got advantages in the way of either cheaper or free passages; if not free altogether, at a much lower rate.

2835. Do you mean for themselves?—Yes; from the company that carried most of their goods.

2836. Have these statements been made to you with respect to recent transactions?—I think it is two or three years old. Recently I have not been keeping myself very closely in touch with this. I have had so much to attend to.

2837. May I take it that, in the first place, you are speaking from hearsay?—No, from the person who got it.

2838. These things took place some years ago?—Two years ago.

2839. You do not feel warranted to give any further information?—No. I imagine, were I able to see the gentleman, I might, but he is not in this country.

2840. Then it is one case which you had in your mind?—One particular case. That is from the man himself.

2841. You say, "I am aware of such." Did that mean one case or several?—It meant one positive case. Others would be mere hearsay; others would be secondary, indirect evidence.

2842. I am reluctant to press you, but at the same time, do you feel at liberty to give any more details as to any of these cases?—No, I could not give more details of any of these cases.

2843. At the present moment, you will observe, you have given none?—I have only given you the fact that a man, whom I can trust thoroughly, gave me it himself.

2844. Then the next question which you answer is, "What remedy, if any, do you suggest?", and your reply is, "Make it illegal to charge *different rates for* "goods of a similar class." That is your first proposal. Have you worked out in detail how this suggestion is to be carried out? Would you send people to prison who paid different rates?—If they did not pay their fines, I suppose so, like other people who do not pay their fines.

2845. That is what you mean?—Yes, that is what I mean. Also, of course, taking into consideration the quantity. I have no objection if the larger quantity is getting a finer cut rate. But it is to have an open market; that every man gets the same; that

if a man ships by a vessel outside of the Conference Rings he cannot be penalised; that they are common carriers, and must carry goods for all comers at the same rate. That is my meaning.

2846. I should not venture to differ from you on any point except on a point of law. A common carrier is not bound to carry for all at the same rate?—I thought he was.

2847. What is more important is your proposal. Would you apply it in the case of all vessels? Would not you allow one vessel to come in and under-cut another vessel?—Yes. It is merely when a line of ships is running that I would not allow them to charge me 50*s.* and another man 20*s.*, unless the quantity was so very large that they made allowances on that account.

2848. You would allow him to charge differently if the quantities were different?—Yes. Wholesale merchants generally take a smaller profit.

2849. Supposing the regular charge for goods of the first class was 42*s.*, and some vessel of a tramp description came along and offered to take the goods at 30*s.*, what is to happen to the owner of the tramp? May he take them?—Certainly. That is where free trade would come in. The producer then and the consumer would get the advantage.

2850. Then the next proposal is, "Charge all ships "of Rings heavier harbour dues." That is your second proposal?—Yes. I suppose that is my own proposal; it was what I proposed years ago. We have spent 2½ millions sterling on our harbour, and I cannot see why we are to allow Conferences or Rings to use that as a means of putting up our rates of freight, making us pay for what we have ourselves spent upon our harbour.

2851. (*Chairman.*) I should like to know a little more about the production of this wattle bark. Is it produced by natives?—No. I only know of one native—a native chief—who produces a little. The European farmers produce it.

2852. With native labour?—Very often Indian labour; the Indian labour is generally preferred.

2853. It is more certain?—It is more certain. My own son produces with native labour, because he has the natives on his land. Others have Indian labour.

2854. Is it produced in company with other produce, or is it the only growth on a particular farm?—On the particular piece of ground it is the only thing that is grown, but many farmers have part of their farm under wattle bark, part under maize, and so on.

2855. I suppose the attraction for wattle bark is that for that they get a certain sum of money; it is something they can sell and buy their stores with?—There are large companies producing; there is one with 7,000 acres close to me.

2856. Are they making large dividends?—Some of them have paid over 100 per cent. dividend.

2857. Of late years?—No. Most of the dividends were paid from the sale of firewood; the bark itself is paying a large dividend. It is the best industry we have, but it looks to me as if it is going to be overdone.

2858. I notice in the official returns that 15 years ago it was not a tenth of its present importance?—No, it is rapidly increasing. It takes time to mature; it cannot be done at once. It is six years before there is any return.

2859. This table describes "Bark of all kinds." Would the great bulk of that be wattle bark?—Yes. It is nearly all Mollisima. There are several varieties. It was imported from Australia years ago, and is spreading all over the country. *Rev. J. Scott.* 18 *Sept.* 1907.

2860. The export has increased from £10,000 to £100,000?—Last year there was a falling off owing to the drought. This year there will be a great increase.

2861. So it ranks next to wool in the Colony's exports?—I thought fruit is above it.

2862. Anyhow, it is increasing very rapidly, and people are making a good deal of money out of it?—Yes.

2863. Have the prices been pretty steady?—There have been ups and downs. This last season there have been very good prices indeed.

2864. So that it is on account of a decrease in price that there has been this agitation against the rates of freight?—Not at all.

2865. How is it that it affects the farmer. Is the rate of freight mentioned to him by the merchant when he buys from him?—No, but the farmer surely has brains enough to know that if the shipper has 10*s.* more freight to pay he will get 10*s.* less. He knows that the shipper must have his profit.

2866. Cannot he get it from the consumer in Europe?—The consumer will give the lowest price he can get a supply at. We have to compete with all the world.

2867. In the case of wool, we know that the Cape wool and the Natal wool do not govern the prices of wool, because it is such a small proportion. What is the proportion of your wattle bark to the world's supply?—Our Premier, Mr. Moor, has promised to get us that, to give us some advice as to whether we may not be over-producing. There are those who tell us we are only touching the fringe of the market; others say we have come to the end of our tether; and Mr. Moor has promised to get us the world's consumption. We have been trying to get it, but we have not been able to get it, so as to find whether we can extend largely with safety. We know that East Africa is producing, and we hear a report that they are planting wattle bark on the Himalayas, and we want to know whether we can safely go on extending.

2868. In selling this wattle bark, money is given in exchange, and not goods?—It is all cash.

2869. It is rather a large industry; it is not run by small people?—Some small people have a small quantity. It is fairly large.

2870. Is there anything further you would like to say to us that you have not been asked?—Nothing, I think, except that a meeting of all South African Unions takes place on the 30th, and I have no doubt resolutions will be sent to you on the subject of Shipping Rings. It meets in Pretoria on the 30th. I go as one of the delegates of Natal. There will be represented the Cape Colony, the Orange River Colony, the Transvaal, Natal, Rhodesia, British East Africa, and probably the Portuguese Government. That is an Inter-Colonial Union, and probably you will receive resolutions passed at that when you are in Cape Town.

(Afternoon Sitting.)

Mr. Frederick Spence Tatham, examined.

2871. (*Chairman.*) I understand that you are a barrister by profession?—Yes; we are called advocates here.

2872. You have not been in business at all?—No, not in mercantile business.

2873. For a long time you have taken a great interest in this question of shipping freights. I think you have been to England once, at least, about it?—I was in England when the Commission, of which I think you were Chairman, was sitting.

2874. You have taken a great interest in it?—That is so. *Mr. F. S. Tatham.*

2875. Are you in the Natal Parliament?—I was. 18 *Sept.* 1907.

2876. I will take you through your brief, if you will allow me. Certain questions have usually been submitted to witnesses to simplify our enquiry. Did you have a copy of those questions?—I had a copy sent to me, but I am sorry I was called unexpectedly away up-country, and I was obliged to prepare my summary of evidence without those questions before me.

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2877. You say, "In 1899 the matter was first taken "up in the Natal Parliament, when Conference methods "were condemned by resolution. Again in 1902. The "subject was always dealt with in its bearings upon "Imperial trade." What do you mean by Imperial trade?—I would like to read to you the specific resolution. In the Natal Parliament, on the 27th June, 1899, the following resolution was carried:—"That in "the opinion of this House the continuance of the "Combination known as the Shipping Ring is inimical "to the best interests of the Colony." A rider was added, and the resolution was passed with the rider, "That in view of the approaching termination of the "mail contract, this House is of opinion that the "Government of this Colony should endeavour to com-"bine with the Government of the Cape Colony and "with the other Governments concerned, to secure an "amelioration of the present system of freight "charges." The resolution was introduced by myself and I based my appeal to the Assembly purely upon the effect of the existing rebate system on Imperial trade with South Africa, and the burden of the speeches is on that aspect of the question.

2878. We need not have anything from the speeches, but what we should like to know very much is by what majority was that resolution carried?—24 ayes to 11 noes.

2879. What is the usual number of the House?—At that time it was 39. Then on the 26th March, 1902, the following resolution was moved in the House of Assembly:—"This House is of opinion that the "systems known as Shipping Rings are working "grievous injury to inter-Imperial trade and commerce "by fostering and assisting the competition of foreign "manufacturers against British, and that such Rings "are otherwise inimical to the best interests of the "Empire. This House most respectfully requests that "the subject should be considered at the Conference of "Colonial Representatives at the Coronation of His "Majesty the King, in conjunction with the question "of inter-Imperial trade." The motion was agreed to without a division.

2880. Then you say, "Parliament did not concern "itself with the interests of the mercantile community "only." I should like to ask you whether there have been any committees of inquiry before those resolutions were passed?—Not that I am aware of.

2881. No evidence was taken?—Not in any formal way by any committee, as far as I am aware.

2882. But there was a general feeling, I suppose, brought to your notice as members of the different constituencies against the continuance of the Rings or Conferences?—That is so.

2883. You say, "Parliament did not concern itself "with the interests of the mercantile community "only." Imperial trade, or any trade is made up of its constituent parts?—Quite so.

2884. So that what the merchants here said and thought would have a great deal of influence on what you said and did, would it not?—Undoubtedly.

2885. Then you say, "I shall produce records show-"ing growth of foreign trade over British." I should like to go into that a little bit with you?—If you will permit me, I am now giving evidence largely from my own writings on the subject. I accept responsibility for what I say as my evidence.

2886. Your evidence is not based on personal experience in business?—No.

2887. But what you have written in past years?—Upon my investigations and my writings upon the investigations.

2888. We do not want to go over what we have had at London?—I understand you are asking me to produce records showing the growth of foreign trade over British. The imports of the Cape of Good Hope, from all countries, excluding the United Kingdom, during the decade, 1880-1889, averaged £7,250,000 per annum. During the same decade the imports from the United Kingdom averaged £5,800,000. The percentage of British imports to foreign during that decade was 80·3. Up to the year 1895—I specially emphasise the year—this percentage gradually increased to 82·6. From that point onward it has steadily fallen, until for the decade 1894-1903 the percentage of British imports into the Cape Colony, as against foreign, had fallen to 68·1, or more than 12 per cent. Foreign imports, which for the decade 1880 to 1889 averaged £7,250,000, had risen, for the decade 1894-1903, to £21,600,000, and the position lost by Great Britain, according to the statistics which I have consulted, has been largely taken by the United States, Germany, Belgium, and Holland.

2889. You will not mind my interrupting occasionally, just to clear up anything. You say the average imports have increased very much from the United Kingdom?—They have increased, but not in anything like the same ratio as foreign.

2890. It is only the percentage you find has fallen?—Yes.

2891. Are you inclined to lay so much stress on it as that. Do not you think countries which have had a small percentage before are likely to increase their percentages?—I should say it is a very ominous symptom. If the trade of a country is extending, it ought to extend in the same ratio in regard to the United Kingdom as in regard to a foreign country. Indeed, a greater ratio, because the trade channels are fixed.

2892. Statistically I cannot quite agree. The German trade in the early years you speak of is very little—practically nothing. I have the averages made up for the whole of British South Africa in five-year periods, in 1891 to 1895, from Germany the average was only £418,000. In the next five years they had gone up to more than double—to £990,000, or nearly a million, but meanwhile the average from the United Kingdom had gone up from 12 millions to 17 millions?—I have not dealt with it in that form, because it did not seem to me to be the sound way of dealing with it.

2893. I am afraid we must differ there?—That is quite likely.

2894. To my mind if Germany starts by sending one cartload of goods, and four cartloads are sent in 10 years' time, there is an increase of 300 per cent.?—I do not want to debate the question. I am only expressing my own view.

2895. I think we shall have to agree to differ on that. You attach importance to the percentage, while to a great many the actual figure is of more importance. Has England lost trade?—England has not gained trade in the same proportion as foreign countries.

2896. We will take that from you?—As regards the Cape Colony, England has actually lost trade.

2897. Only within the last two years. You had the very large years of 1902 and 1903?—I think you are right, it is only the last two years.

2898. When things, as you know, have been very depressed?—That is so. I now quote as regards Natal. The same condition is found to exist as regards Natal. Imports from foreign countries to Natal during the decade 1880-1889 averaged £2,240,000; for the same period imports from the United Kingdom averaged £1,810,000. The percentage of British imports to foreign was 80·7. For the decade 1894-1903 the average of foreign imports to Natal was £7,720,000; British imports £4,790,000. The percentage of British imports for the decade 1894-1903 is 62, as against 80 for the decade 1880-1889; so that we find as regards Cape Colony and Natal there is practically in one case a fall of 18 per cent. and in the case of the other 12 per cent.

2899. While all the time there has been a large increase in the actual imports from the United Kingdom?—That is undoubtedly the case. I drew special attention to the fact that I emphasised the year 1895. It will be noted that the fall in percentage begins in 1895, which was the year in which the rebate was increased to 10 per cent. It may be a mere coincidence, but it is one which deserves thought, that the fall—the percentage fall—coincides with the fixing of the rebate at 10 per cent. Up to that point it was 5 per cent.

2900. It is between the years 1895 and 1896. The great increase at that time in the imports from the United States has been puzzling us. There is an increase from one million in 1895 to £2,400,000 in 1896 in imports into British South Africa from the United States. I have asked several witnesses about that?—I am not a shipper; I am not a mercantile

man. My opinion is based upon my own investigations, and I cannot attribute causes.

2901. You have not analysed that figure?—I have not.

2902. That large rise is very curious?—It is significant.

2903. You think it depends on the action of the Shipping Ring?—I would not dream of saying it depends entirely upon that, but that it was a contributing cause I do not think there can be any doubt.

2904. If you were told there was a very large import of foodstuffs from the United States at that time, not chiefly due to the action of the Conference, you might agree that was a contributory cause also?—Undoubtedly.

2905. We are speaking now on the question of the effect on British trade. You have shown me that the percentage of foreign trade over British has been increasing, though the actual amount of British trade has gone on increasing?—Yes. One instance of trade which I think I may say has been entirely lost to the British manufacturer and transferred to the foreign is cement.

2906. You give that instance. Have you the recent figures for that?—No, I have not, but I am told by mercantile men that trade in a line of this kind, once transferred to another channel, is extremely difficult to bring back, especially in a heavy line such as cement, where the profits, I believe, are not very large.

2907. (*Sir John Macdonell.*) Have you any figures with respect to cement?—No, sir, I have not. At one time the Durban Chamber of Commerce took up this question of cement, because the Conference ships were carrying it 2*s.* 6*d.* cheaper from Hamburg than from London, and the Chamber of Commerce in its report of the 14th March, 1900, drew special attention to this.

2908. (*Chairman.*) Was the rate altered in consequence?—The rate was altered, but the trade has gone, and I am told it has not come back. Those records you can get from your mercantile witnesses and from the Customs returns. As regards the paper trade, Sir Albert Spicer, who is a large paper merchant probably known to both of you gentlemen, gave evidence before the Royal Commission on Steamship Subsidies, and he said in the course of his evidence——

(*Sir John Macdonell.*) We have got these Blue Books.

2909. (*Chairman.*) I do not think we need go into these references to Blue Books, because we have them all before us. It is local colour I have come out for?—This was leading up to local colour. The local representative of the firm of Spicer & Sons himself told me that he lost a contract for the supply of paper to print a daily newspaper in the Transvaal, although he was prepared to quote at the same price as the American manufacturer, solely on account of the difference in the freight charge. Mr. Davis, the owner of two of the daily newspapers——

2910. He was here this morning?—Oh, very well. I suppose you got that from him. In Cape Colony in 1903 foreign trade increased 25 per cent., British trade actually lost 2½ per cent. In the same year, which is the year ending June, 1903, Natal trade with foreign countries increased £1,621,288, while the increase from England was only £306,493.

2911. Still, taking your averages, the occurrence would be a very satisfactory one in the main, though not in percentages. Do you agree with that?—I should say it was very unsatisfactory. An increase of £306,000 in the trade of England with a growing Colony like Natal does not strike me as a satisfactory increase by any means, especially when it is compared with an increase five times as great from foreign countries.

2912. You have not tried to analyse these countries, have you?—Of course, the two great countries are Germany and the United States?—I have not analysed them.

2913. Your point is a percentage point?—Yes. Perhaps it is not in this order in my statement, but I should like now to give the figures of the fluctuations in the freight and the differences in freight. Have you got those?

2914. Freights from America or freights from the United Kingdom?—The differences between the United Kingdom and American freights.

2915. We know what has happened with regard to the wars of freights and the great fluctuations?—There is no question of a war of freights now.

2916. (*Sir John Macdonell.*) Over what period does the statement extend?—I can go back to 1899 up to the present time. I can give you 1904 up to the present time. I should think that going back to 1899 is rather ancient history.

2917. (*Chairman.*) During part of that time surely there was a war of freights going on?—The war of freights ended in 1905.

2918. It began in 1902?—It ended in 1905.

2919. I do not think you will get much evidence from those American freights, except that in the case of a war of freights you get very low freights, indeed?—There has been no question of a war of freights since June, 1905, and the present figures show a great advantage in favour of America.

2920. Will you quote me one or two and see whether they agree with mine?—I will take a trade circular, dated 5th February 1907:—Paints in oil, from the United Kingdom, 52*s.* 6*d.*, from America, 45*s.*; wheelbarrows, from England, 40*s.*, from the United States, 35*s.*; furniture, from England, 40*s.*, from the United States, 35*s.*; bedsteads, from England, 40*s.*, from the United States, 35*s.*

2921. Any more?—Yes. There is a difference, as of course, you are aware, in the classification, and it is extremely difficult to compare goods with goods in comparing rates, but I have taken out what I believe is, approximately, a correct comparison, some of the items may be wrong:—Chemists' goods, medicines, perfumery, &c., 52*s.* 6*d.* plus 10 per cent.; from the United States, 35*s.*

2922. We have had 42*s.* 6*d.* given in evidence, plus 10 per cent.?—By what ship?

2923. The Conference Lines?—Not by mail boat. That must be corrected then. It will be 42*s.* 6*d.*, plus 10 per cent., against 35*s.*

2924. Against 38*s.* 9*d.*, according to this statement?—What date is that?

2925. This is only a few days ago?—This is prepared last May. If you have all the rates it does not seem worth while quoting them.

2926. Ours are dated July, and we have a number of cases in which the English rates are quoted as low, and sometimes lower?—My information is older than yours. It will not be anything like as valuable.

2927. (*Sir John Macdonell.*) This list contains some instances in which the American rates are lower, but only some?—Yes. This is not a question of yesterday, but these American rates have been appreciably lower than British rates for a number of years—more than 10. It is not a question of rates which have been cut down to a low point for a year or two under some abnormal conditions, but the American rates have been very greatly lower than the English rates for that long period, indeed, for 12 years. I would like to show the effect, and how that is turned to account by traders. In the "South African Mines" newspaper of the 16th July, 1904, the rates at that time existing were all quoted, and a merchant said, "Take wheel-"barrows. I have just decided to drop English wheel-"barrows and to go in for American, because I can "buy the American article cheaper. An American "article costs more in America than an English "barrow does in England, but owing to the incidence "in freight charges, the foreign article can undersell "the English on this market. One result is, that the "mining houses all stock American barrows."

2928. (*Chairman.*) That was during the freight war, was it not?—Probably. The freight war lasted for 10 years.

2929. (*Sir John Macdonell.*) Do you know this statement to be of your own knowledge true?—No.

2930. (*Chairman.*) We have been taking a great deal of evidence from business people who have paid these rates. I do not think it is worth your while to labour

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this point very much. We will take it from you that this has influenced your mind a good deal—having a number of rates which are lower?—What I was trying to illustrate then was the method by which this is turned to account by foreign traders against British manufacturers, and, if you will allow me to illustrate it once again, Montgomery, Ward & Co., who are a very well-known United States firm, say in one of their trade circulars, "Freight from Chicago and New "York to South Africa, for instance, is much cheaper "than from London or Liverpool. In considering the "question of freights, remember that freights from "America to most countries of the world to-day are "cheaper than from England. Freight has to be paid "by somebody on every article imported into your "country. By dealing with us and buying direct "at wholesale prices, you pay your own freight instead "of paying it through your local dealer with interest "and profit added many times." This circular was issued in 1905.

2931. That, again, was in that period you are speaking of. Do you not think the operations of the great Trust companies in America have helped?—I daresay there are several contributing causes, but my point is, that the freight is one of the greatest contributing causes and one which we can put an end to, and the astute American merchants and manufacturers turn this to account by the method which I have just read to you. The effect of that must be perfectly obvious—to divert trade from Imperial channels to foreign.

2932. You say, "The first Conference was held at "Johannesburg in 1904, when a scheme was pro-"pounded and published for criticism and sugges-"tions"?—I take it for granted that you have seen that scheme.

2933. We have all the records of that Conference. Was evidence taken at that Conference?—No; it was asked for, but the shipping people refused to attend or to give evidence.

2934. You only took some evidence from some merchants?—We took no evidence at all.

2935. You passed resolutions?—Yes.

2936. The shipping people did not attend. Were they invited to attend?—They were, and they refused.

2937. In fact, I think you had no conference with the shipowners until the Conference in London at the end of 1905?—That is so.

2938. Then in January, 1905, you had another meeting of the Conference at Cape Town?—Yes.

2939. You say, "The general consensus of mercantile "opinion, as reflected by the evidence then taken at "Cape Town, was against the rebate system." You say, "The Conference met again in Pietermaritzburg "in 1905 . . . ." Was not that in the autumn?—In our spring.

2940. ". . . . but I was not able to attend it owing to "absence in England. It was resolved to meet in "London to meet the shipowners." You are aware that at the Conference in London there were two Bills brought over for discussion, and a third Bill was drafted on the voyage over for meeting this case. Did you read the proceedings of the Conference?—Yes.

2941. Did you read the draft agreement which was discussed with the shipowners at that Conference—the agreement proposed by the South African Governments?—Yes, I did read it. I do not profess to remember all its details.

2942. There were certain proposals. One was, that in consideration of the Governments giving them all their freight there would be considerable reductions in the rates?—I may say that I thought those proposals, made by the Natal and Cape representatives at London, were absolutely disastrous to Imperial and South African interests. I thought the proposals were utterly wrong.

2943. You mean, even if they got the reductions in the rates you would not have assented to the proposals?—On no account.

2944. Why?—Because you would still be in the clutch of the Shipping Ring; indeed, you would be more in the clutch of the Shipping Ring because it would have State sanction.

2945. Surely questions of classification and alteration of rates would have been discussed; the rates would not have been raised arbitrarily from day to day as they are now?—Discussion would be a matter of form. When one party has the whole control of the situation the other party may discuss until blue in the face without any result, and that would have been the position if the Governments had fallen into that snare of giving State sanction to any rebate system which would create a monopoly. There would be no room for discussion. One party would dictate its terms, and the other party would have to submit.

2946. You differ from the proposal of the five Governments?—Entirely.

2947. Nothing will do for you but absolute abolition of the rebate system?—I should have been very glad, indeed, to see the scheme which we propounded at the Conference at Johannesburg, in August, 1904, given effect to. But if that was impossible, it seems to me there is nothing left but total abolition of the rebate system.

2948. "The rebate system," you say, "is obviously "designed to keep up freights by constituting a "monopoly"?—That is self-evident.

2949. It has other objects and other effects, has it not? It keeps freights uniform?—The constitution of a monopoly, undoubtedly, keeps rates uniform. That is the object of a monopoly; it has no other object.

2950. And I suppose you will admit that the service is very good under the present conditions?—The service, I believe, to be excellent.

2951. Do you not think that is a great object to the shipper from England to this country?—When a man comes to a community and says, "Will you give me a "monopoly and I will give you something very good, "but I will make you pay through the nose for it?", I do not listen to him any more. If we want to get the best of everything, why not create a monopoly in meat and bread and everything? We shall get the best of everything then. The argument seems to me not to hold water for an instant. If it applies to shipping it applies to everything in life. We shall get the best of everything if we will only agree to a monopoly.

2952. Do you think that these rates are proved to be exorbitant?—I have not the smallest doubt about it, and I will prove it in an instant.

2953. You have quoted these American rates in a peculiar time. I should like you to give me one or two other arguments that the rates are exorbitant?—I cannot understand how it can be called a peculiar time when it extends over 10 years—from 1895 to 1905. It is not 10 days or 10 weeks or 10 months, but 10 years that these Americans have had this enormous advantage over the English shippers. Pass that. An offer has been made, and has been published, more than once to the Natal Government, to carry all the goods required at 22*s.* 6*d.* per ton, all round.

2954. By whom has that been made?—I will write the name down—(*handing in paper*).

2955. (*Sir John Macdonell.*) Was the tenderer to have a monopoly?—No. He undertook to give no rebates; to carry for the general public at 22*s.* 6*d.* a ton, and to put up ample security, to be forfeited in the event of his departing from his contract, and to adhere to his contract for five years.

2956. (*Chairman.*) Who were to be the parties to that contract?—The Natal Government and the large importers on the one side and the Shipping Combination on the other.

2957. Would everybody that wanted to send goods have to become parties to the contract?—Certainly not. They would carry goods for anybody at 22*s.* 6*d.*

2958. They would make no differences between large and small importers?—They would undertake to carry all offered.

2959. And the speed of their vessels would be equal to the present?—I speak with some diffidence upon this, because I am not a merchant. The speed of the vessel, when it comes to a question of the difference between, let us say, 20 and 30 days, seems to me to be quite immaterial, except in regard to certain lines of goods. We must have a regular mail contract. Small boats cannot do the voyage quickly to carry our mails, and there is no reason whatever why these goods, which are required in a great hurry should not travel by the mail boat, and as regards the general lines, it is of

far greater importance to the community that the goods shall be cheaply landed than that they should be landed in 10 days or a week's difference in time.

2960. For most goods?—For most goods. Other goods could very well come by the mail boats which, of course, must always be speedy.

2961. Of course, you have seen that we have had a great deal of evidence on behalf of the shipowners from the merchants on this question?—Perhaps, I misunderstood you. Your question was whether this cheap freight might not result in slow boats. My answer to that was, that if slow boats would involve only a difference of about 10 days, it would not matter except in regard to certain goods which could always come by the mail boats, which must be quick.

2962. You gather that from the opinions of people in the trade?—Yes.

2963. You say, "Regularity of sailings is easily "secured without a rebate" ?—Yes.

2964. Give me your grounds for that?—I give you that offer of a contract.

2965. Which is quite recent?—Yes; it is within the last two years.

2966. Then you make certain complaints about heavy rates. I see there is one about the other part of the question; that is, the staple exports of the Colony. You instance wattle bark?—I do not want to take up your time with regard to outward freights very much, except that I illustrate wattle bark. The regular rate for export was 20*s.*

2967. It had been reduced to that?—It probably had. The Colony began to export wattle bark in quantity; the Ring promptly put the rate up to 30*s.*, afterwards (after a good deal of fighting) reducing it to 25*s.*, and this in face of their protestations of anxiety to increase the export trade of the Colony for their own advantage.

2968. That increase has not stopped the export of wattle bark?—Fortunately not.

2969. It seems to me a most flourishing industry. We had evidence on that this morning?—I altogether deny that the shipowner, any more than anybody else, is entitled to say, "I will charge you more than "I could get in the open freight market because you "are doing well." He has no right to do that. The mere fact that Natal is doing well, or that the wattle bark trade is doing well, does not justify the shipowner in saying, "I will exact more from you"; he ought to compete with other shipowners.

2970. You always come back to this point, that there should not be a monopoly. Whether it is a charge that does not hurt this industry or whether it does, it is wrong in principle?—Utterly wrong in principle. The shipowner has nothing to do with the profits of the wattle man.

2971. Those profits have been fairly large, do you not think?—They have.

2972. And those freight charges have not hindered, although they may have handicapped the industry to a certain extent. Do you think that?—I should think it is quite probable.

2973. It is ten times the amount in value that it was 15 years ago?—I do not think anything to speak of was exported 15 years ago. It is quite a new industry.

2974. Then you speak of grain. I suppose that is chiefly mealies. You say, "Rates in grain recently "reduced is a mere sop." That is a recent reduction?—Yes. We have been fighting these people ever since Natal was a Colony. Now that His Majesty's Government has appointed a Commission, we find them making concessions in a grudging spirit here and there, and recently they have made a concession as regards the export of mealies.

2975. Is not that rather an important one?—Undoubtedly. Whether we should have got it if there had not been a Royal Commission sitting is another question.

2976. We have had several flattering remarks like that, that concessions have been made since we have been appointed?—We are very grateful to you.

2977. You say that is a "mere sop," and it does not alter your opinion on the system?—Not in the smallest degree.

2978. You say, "An offer has been made to the "Natal Government to carry at 22*s.* 6*d.* all round. "In any case, this question ought not to concern us. "Open competition will fix the rates." Then we come to a point I particularly want to ask you about. Why it is that there seems to be here a less strong opinion against the rates than there was?—I can only conjecture. I have taken an active part in this struggle against the Shipping Ring, and I have received no greater support up to this time than from my mercantile friends in Natal. It is, however, significant that that support has recently become lukewarm, coincidental with concessions made by Sir Donald Currie's Combination to the Natal merchants as against the Port Elizabeth and East London merchants. I am not going to attribute motives, but whether this has had any effect upon the mercantile mind in Natal is another question. What I want to emphasise is this, that it is a question which, after all, affects a far wider circle than the mercantile community.

2979. You recognise that there has been that change, and you find a difficulty in accounting for it?—I am inclined to say that the Natal merchants' views have lately undergone a modification in consequence of that concession which has recently been made.

2980. The 2*s.* 6*d.*?—Yes.

2981. Have not there also been certain changes at the Cape?—I have not heard of it.

2982. There was an article in a newspaper a day or two ago about "Cape Recanters"?—I did not see it.

2983. You have not heard of the change in opinion at the Cape?—No.

2984. (*Sir John Macdonell.*) Or of the resolution passed by the East London Chamber of Commerce on the subject?—Prior to your sitting?

2985. Recently?—I only heard of the one passed prior to your sitting. I have not heard of one since.

2986. I refer to a resolution not unfavourable to the rebates passed recently by a majority of 14 against 11 or 9?—I have missed that. I should say, if I may be allowed to say so, that the last opinion which ought to influence the decision on a great public question of this kind is the opinion of the mercantile community. It is obviously to the interests of the mercantile man that there should be fixity of rates. He has not got it, I believe, though he thinks he has got it. There can be no fixity of rates unless there is fixity of rates from all the world. It is idle to talk of fixity of rates when American goods can be imported at 10*s.* one year and you have to pay 30*s.* for them next year, those goods being identically the goods which are produced by Great Britain. If America could not produce the same goods as Great Britain, then they could talk of fixity of rates, or if there were fixity of rates from the United States. But this is the position now. The man who is compelled to import from England because that is his channel, and he is not able to put up the ready cash to buy in America, is very seriously handicapped in competition with the man who has the cash with which to buy in America and thus take advantage of the cheap freights. And therefore there is no fixity of freights. American freights might fall to 10*s.* tomorrow; there is nothing to prevent them. This has gone on for ten years. There is fixity of freights only from England to South Africa; there is no fixity of rates from the United States to South Africa.

2987. (*Chairman.*) As regards Germany, you have to a certain extent fixity of freights?—They are in the Conference.

2988. You say, "The fact that rates are artificially "kept up enables German railways to make a large "concession to German export goods. There is a "margin permitting it. If rates were cut German "manufacturers in inland towns would probably not "get this advantage, for there would not be room, and "the German Government would be unable to afford "a reduced rail charge. It is a mere pretence to say "freights are the same from Hamburg as from Lon"don"?—Supposing the rates from London were 22*s.* 6*d.*; they would have to bring the freights from "Hamburg to the same level; there would be no margin for the German railways to make a concession. Of course, the German inland manufacturers get such

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a great advantage over the English inland manufacturers, because they get the German concession on the State-owned railways; but my point is this, that if the freights were as low as 22*s.* 6*d.* there would be no room, because they would have to take it out of 22*s.* 6*d.* instead of out of 40*s.* as at present.

2989. You bring that forward as an argument that rates are too high because the railway rate could be taken out of it?—Undoubtedly. I do not know whether I have made myself clear.

2990. I quite follow your argument. The natural question comes, cannot Natal charter its own ships, or rather build its own ships?—I have advocated that in Parliament. I believe a State-owned line of steamships to Natal would be very sound, but now that the whole question has taken a far wider sweep and has been taken up by His Majesty's Government as an Imperial question, I am in favour of dropping the idea of locally fighting the Ring and prefer the abolition of rebates as the United States have done.

2991. I do not think I see any allusion here to the difference of rates between port and port—the Durban rates as compared with the Cape rate?—It seems to me that has nothing whatever to do with the great question which underlies the investigations of this Commission. I have understood this question to be of wide Imperial importance. We have nothing whatever to do with the small quarrels of South African Colonies in their ports' competition. It is a question of whether or not Imperial interests are being injured by the maintenance of this shipping monopoly.

2992. So that you do not at all bring forward the question of different rates between the different ports of South Africa and different railway rates and so on to counterbalance them?—Certainly not.

2993. That is not of any importance to your mind? —Absolutely none as regards this inquiry.

2994. Apparently, nothing would satisfy you but the absolute abolition of the rebate system?—I believe that nothing short of the Elkins Act in England would meet the question.

2995. (*Sir John Macdonell.*) What were the dates of the two resolutions which you kindly read from the volume before you? One was in 1899 and the other was——?—1902.

2996. Has any action been taken by the Parliament of Natal upon these resolutions?—Yes.

2997. What action?—It resulted in the appointment of the Conferences which met at Johannesburg, Cape Town, Pietermaritzburg, and, finally, in London.

2998. No legislation has been introduced into the Natal Parliament?—We were told by the Imperial Government that the legislation on the lines we proposed would be vetoed.

2999. At all events, no legislation has taken place?— That is so.

3000. In the interval, between 1899 and the last resolution, was any legislation brought forward?—That was the War period. Everything else was forgotten.

3001. That is a satisfactory answer, if I may be allowed to say so. Now, you have called the Chairman's attention to certain important figures affecting the trade of the United Kingdom with South Africa. I have before me here a short statement. That statement shows the imports from the United Kingdom and from Germany and Holland, Belgium, France, and the United States. It gives the average for 1896 to 1900, and those for 1901 to 1905. Taking the last two sets of averages, I find that of the total of these figures the percentage credited to the United Kingdom is 80 per cent.; 4·6 per cent. to Germany, and 12 per cent. to the United States. Then I find that in the next period of five years the percentages are much the same—79, 4·9, and 12. Does that seem to show a very pronounced movement adverse to the United Kingdom?—If I may be allowed to say so, the question answers itself.

3002. That is an unanswerable answer, if I may be allowed to say so. Even assuming that there were a very considerable increase in the trade of Germany and the trade of the United States, you, looking at the matter fairly, would admit that there may be many other factors at work?—I freely admit that.

3003. For instance, take Germany—the development of technical science, and the development of its mercantile marine. Take the United States—I suppose, you would admit there, too, other factors were at work? —May I intervene? All the more reason for sweeping away any artificial advantages which these countries are obtaining through the Shipping Ring. That is not an argument for maintaining——

3004. I am not suggesting that it is, but when you ask us to believe that there has been a very large diversion of trade in consequence— or, at all events, to a very considerable extent owing to the rebate system—are you not rather pronouncing an opinion upon a matter which is highly doubtful?—I cannot consider it any more doubtful than that the earth revolves round the sun. If you make freights cheap from one manufacturer and dear from another manufacturer, there can only be one possible result.

3005. Take the first of these periods. Between 1895 and 1896, in the case of the United States' figures, a very remarkable change takes place. The imports from the United States leap from a little under a million to about three times as much?—Yes.

3006. Have you considered to what extent that increase may be due to the importation of articles which cannot be procured from the United Kingdom?—I cannot say I have, but may I point out that that is contemporaneous with the increase of the rebate from 5 per cent. to 10.

3007. I have not forgotten that. You have pointed out that coincidence, but we have had it in evidence that, to a large extent, there were importations of foodstuffs, also importations of lumber and various other articles?—That cannot be the case in 1905 and 1906. I do not think we are importing much in the way of foodstuffs from America now.

3008. I am speaking of 1896?—I beg your pardon.

3009. So that your examination of the figures has not gone far enough to enable you to speak with confidence as to the real cause of that increase?—I should say that it is not due entirely, or even to a very large extent, to an abnormal import of foodstuffs, inasmuch as the imports for 1906 from the United States amount to £2,693,000, while for 1895 they amounted to £999,000. I do not think we imported much foodstuffs in 1906.

3010. Are you speaking now from actual examination of the figures? If you tell me you have not examined them, I do not wonder that you have not? —I have not.

3011. You mentioned certain articles, I think, in your brief, and one of the articles was the case of nails?—Yes.

3012. You think there has been, in regard to nails, a diversion of trade from the United Kingdom to the United States?—I base what I have to say on that point upon information publicly stated by a merchant at Johannesburg. "Nails," he says, "are a "finely cut line, and the difference in freight is the "Americans' profit."

3013. What is the date of that statement?—1904.

3014. You are merely relying upon a statement found in a newspaper?—Entirely.

3015. We have had evidence as late as yesterday from a gentleman who professes to have dealt in various articles, including nails, for something like 18 years. "(Question.) Have you any reason to think "that the nail trade has been, by reason of these low "rates, diverted to a large extent to America?— "(Answer.) No, I have no reason to say to a large "extent." Would you take it upon yourself to say that is not correct?—I should be sorry to do anything of that sort, but I should be equally sorry to take one man's experience as evidence of a set of facts applying to the whole community.

3016. In regard to a particular commodity which he has dealt in for some number of years?—He is one man. I do not think his evidence goes any further than his own experience.

3017. Your evidence, so far as I understand, is not based upon any experience of your own?—It is based upon information in the public Press which has not been contradicted.

3018. From your large experience, I do not think you would say that all statements in the public Press

which go uncontradicted are quite correct?—I should say in questions of fact of that sort the Shipping Ring has been very wide awake, and it has not lost an opportunity of contradicting——

3019. If you tell me that a statement published in the public Press and uncontradicted is to be taken as evidence——?—No, I do not tell you anything of the kind.

3020. I think I see what you mean. Take another case which you mention in your brief—furniture. You think that there has been diversion in that case?—I was told by one furniture importer that he had ceased entirely to import furniture from England because of the difference in freight.

3021. What kind of furniture was that?—I believe the more expensive kind of furniture—old oak and furniture of that sort cannot be got in America; it comes from England—but the cheaper sort, and South Africa is a country which uses mostly cheaper furniture.

3022. Had you in your mind any precise facts with respect to a particular class of furniture of a definite price?—No.

3023. You rely mainly, if not entirely, upon the statements that you have mentioned?—That is so.

3024. I want clearly to understand your position. You think that, this system being a monopoly, it is entirely objectionable in principle?—Yes.

3025. You are prepared to admit, as I understand, that there may be some minor advantages enjoyed, at all events, by the mercantile community?—Undoubtedly.

3026. Among others, fixity of rates as between South Africa and England?—I say they do not enjoy that advantage at all.

3027. I thought you admitted that as between England and South Africa——?—Yes.

3028. But not as between the various countries?—I beg your pardon.

3029. Then I suppose you would admit that at the present time the large importer and the small importer obtain, at all events generally, exactly the same terms?—I do not admit anything of the kind. But here again I am dependent upon information from others.

3030. If you question that statement I should be glad to know, because it is important to know what are the grounds upon which you question it?—The grounds which have been publicly stated over and over again, that the shipping people have made large concessions to mining houses and Governments, the effect of which has been very detrimental to the interests of the small importer.

3031. I am coming to the question of Governments and also the case of municipalities, but if you have in your mind any instances in which concessions have been made to large importers other than these two classes I should be glad to know what they are?—I have not, and I should think the man who got the concession would not proclaim it on the housetops.

3032. Not having precise information, I suppose one ought to speak with diffidence?—I do assert it. It has not been disputed that these concessions have been given to the mining houses and to the Governments.

3033. I should like to ask you something about the Governments in one moment. Are you sure that under the system of open competition, such as you advocate, all these advantages, such as they are, would be enjoyed by the mercantile community?—I should like to say that up to 1886 there was no such thing as a rebate system, and I am not aware that prior to 1886 any great disasters happened to the mercantile community because of the absence of a rebate system, or any disasters at all.

3034. Would you say no inconvenience was experienced?—I am not prepared to say no inconveniences.

3035. Again, you cannot speak from experience?—I am not prepared to say so.

3035A. The point I am coming to is this. The mercantile community do, it is stated, enjoy these advantages, such as they are. You are asking them to give them up?—I would ask any section of the community to give up anything in the public interest.

3036. I do not forget your view that this a highly objectionable monopoly, I will come to that in a moment, but you are asking the mercantile community to give up its advantages?—If they are advantages and injuriously affect public interests, undoubtedly, give them up.

3037. Have you formed any opinion as to whether these advantages would exist under the system of competition?—When I was a member of the Freights Conference, we asked witness after witness at Cape Town whether they would prefer the existing conditions with its fixity of rate or an open market with its fluctuations, and they said, "If we have to choose, "while we desire fixity of rates, we would rather get "rid of the present incubus and take our chance of "fluctuations."

3038. You are by no means sure that these fluctuations might not take place under a system of free competition. I gather, you say that is immaterial?—I should say from the merchants' point of view it would be to his advantage to have fixed rates. It is obviously a mere platitude to say so.

3039. You desire, as I understand, to abolish rebates and to do so in some such way as you say has been done in America?—Yes.

3040. And you refer to the Elkins Act of 1903. Would you mind telling me this—I know you are a very eminent lawyer—whether you are sure that under the Elkins Act any shippers between the United Kingdom and the United States, having no connection with any inland carriers in the United States, would be liable under the Act?—It has been decided to the contrary by the United States Courts.

3041. That they are not liable?—That they are not liable.

3042. Am I also right in saying that the Elkins Act applies only to such common carriers as come under the Inter-State Commerce Act?—That is so, I believe.

3043. And am I right in saying that the Inter-State Commerce Act applies only to such common carriers as are required to file schedules of rates?—Railways and so on? Yes, I believe that is so.

3044. So that this Act that you refer to is an Act not applicable to shipping companies confining themselves to shipping business, but is applicable only to common carriers that conduct a continuous business along with inland carriers?—I do not suggest that the Elkins Act should be put upon the Statute Book as it stands. I mean the principle of the Elkins Act and the intention which the Elkins Act has in view should be given effect to by British legislation.

3045. It is not a mere unimportant legal point that I am trying to elucidate. I am coming to a question of principle, otherwise, I should not put the questions, and I am anxious to get your opinion upon the question of principle. The Elkins Act, therefore, applies not merely to shipping companies, but also to railways?—That is so.

3046. And am I not correct also in saying that the other Act, which no doubt you are familiar with—the supplement to it—the Anti-Trust Act—is an Act which applies not merely to railways, not merely to shipping companies, but to all transactions which are in restraint of trade?—Yes.

3047. And the point that I put to you is this, that when you are inviting the Home Government to copy the example of the United States, it would be well, would it not, to bear in mind that the American legislation is directed not against shipping companies only, but against, practically, all combinations?—Yes, it is always advisable in all legislation to consider what underlies the particular Act you are trying to put upon the Statute Book, and, whether public thought in England is or is not ripe for dealing with this great question of Combinations in restraint of trade, is not a subject which I could profitably discuss, but the principle of making the granting of a rebate illegal by a public carrier has already been admitted in England in reference to your English railways. The English railway may not grant, as you are aware, any rebates, and it would be merely extending to sea traffic a principle already adopted on land.

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3048. It is almost unnecessary for me to call your attention to the fact that the railway companies in England get a monopoly in another sense?—No, I cannot admit that. Take the railway competition, for instance, between Edinburgh and London—there is competition all over England, more or less.

3049. There are one or two remarks which you made with respect to certain articles, which I should like your assistance about. Just a word or two about wattle bark. The trade is, on the whole, flourishing, I suppose?—It is.

3050. I suppose I am right in saying that the rates have fallen from 40*s.* to 30*s.*, and at one time to 20*s*?—Yes.

3051. There is another question on which I should like your assistance. Assuming that you were not successful in obtaining the complete abolition of the rebate system, have you considered any minor remedies?—The only minor remedy is that which was proposed at the Johannesburg Conference, which was to use our own ports, which, of course, are Government ports, to impose special dues against ships which carry on, what we believe to be, a pernicious system.

3052. We have had before us various remedies suggested by witnesses. I should be glad to hear what you would say with regard to one or two or them. One was a suggestion that the rebate held by the companies should be treated as in law a penalty, as distinguished from liquidated damages, and that the merchant should recover the rebates except so much as would be set down for damages for breach of contract. Have you considered that proposal?—I put that at once out of my mind because that is a phase which affects the merchants' interests only. This is a question of wide Imperial importance, and a system such as that suggested will still maintain the great evil of a handicap to British trade. We want England to be the workshop of the Empire. We in South Africa want to send our wool and our leather, or what not, to England, get it made up there, and sent back to us as goods, and we offer preferences in customs and so on. This is all destroyed by a monopoly which artificially keeps up rates against our countrymen in England.

3053. Do you think that remedy would be insignificant?—I do not think it would touch the question at all.

3054. Have you considered the suggestion that there should be some body, some Traffic Board, upon which should be seated representatives of the various Governments in South Africa, the shipping companies and the leading municipalities, with powers, consultative and otherwise, in regard to rates?—If I were a merchant I would advocate that. As an ordinary member of the community and from a public point of view, I should say it would be disastrous to the cause we have at heart.

3055. In other words, you think that the material inconveniences suffered by the merchants would most probably be removed by that suggestion, but that there would still remain the other class of objections upon which you lay so much stress?—The only thing that really counts.

3056. You have studied the subject for a long time from many aspects. Looking at it from the point of view of the merchant, do you think that that remedy which I have vaguely indicated to you would be a satisfactory remedy?—I think the merchant would be crying out just as loudly a few years hence as he has been crying out during the last two or three years, because it could be used with very great effect to fasten the yoke still more tightly on his neck.

3057. Even if he had representatives upon that body?—Yes, because there is only one person who can fix the rates. If there is only one man trading, the other man can raise a complaint, but he cannot alter.

3058. Supposing this Traffic Board had not merely consultative powers, but had additional powers by way of control over the rates, would your objection still apply?—You would give the sanction of the State to a monopoly.

3059. You would also give the control of the monopoly to the State?—The profits would go into the pockets of private individuals, and not into the taxpayers' pocket.

3060. Might it not be the case that that Board would take care that the profits were only of a moderate character?—I think they would be mere cyphers. They would be dummies.

3061. A Board composed of representatives of the Governments, of the municipalities, of the shipowners, and also of the merchants?—I do not think they would have any weight at all.

3062. Coming back to what you regard as the larger aspect of the question, I gather that in your view it is somewhat anomalous that what I may call the pathways of commerce between South Africa and the outer world, should be in the hands of one group of companies. Do you think that anomalous?—If you mean by outer world, England, yes.

3063. You think that is an anomaly?—Certainly.

3064. That is one of your great objections to the system?—It is my objection; it is the one objection.

3065. (*Chairman.*) Is there any other remark you would like to make?—I should only like to say, in reference to the question of whether or not freights are too high, whether the profits made by the shipping companies are excessive, that I assume that these companies will send representatives to give evidence if they have not already done so, and, speaking from the point of view of one of the parties to the controversy, if I might without offence make a suggestion, it is that evidence as to their profits and their figures should be tested by a close investigation, by a Government Actuary, of their books, and if evidence of that kind is to be used against us, because we are parties to the controversy in this country, and it has been used over and over again, it ought not to be dependent upon their balance sheets, because, admittedly, their balance sheets are prepared in a way to keep information from the public. That was stated by Sir Donald Currie himself at a meeting of his company on the 28th May, 1903.

3066. What were the exact words?—"It is said "that the accounts which the council of management "submit to you are not sufficiently detailed. They "are really as full and as detailed as, in our judg- "ment, it is proper and in the company's interests to "place before the public."

(*Sir John Macdonnell.*) You may be sure that care will be taken to look into the point.

[*The Ninth Day's Proceedings were of a confidential nature and are not published.*]

TENTH DAY.

C.S.A.R. Buildings,
Johannesburg,
September 21st, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. WILLIAM HOSKEN, M.L.A., Mr. JOHN N. SELLAR, M.L.A., Mr. HENDRIK FREDERICK ERNST PISTORIUS, representing the Johannesburg Chamber of Commerce, examined.

Mr. W. Hosken.
Mr. J. N. Sellar.
Mr. H. F. E. Pistorius.
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(*Chairman.*) Before commencing, I would like to say that we have taken evidence at Port Elizabeth, East London, and Durban, and a great deal of that evidence has been reported by the Press of the various Colonies, so I do not think it is necessary that we should occupy time by reading the reference to the Royal Commission or the letter from the Colonial Office requesting us to come out here and take your evidence. I am very happy to find in the programme of the witnesses that a considerable amount of corporate evidence is to be given here, because we attach much importance to the evidence of Chambers of Commerce, and similar bodies. I need only add that we regret very much that our colleague, Mr. Birchenough, is still detained in Rhodesia. The Johannesburg Chamber of Commerce are represented here, I understand, by you three gentlemen, and I thought it would be most convenient to ask you to appear together. Perhaps, Mr. Hosken, you would be the spokesman, and if either of your colleagues wishes to vary the answer, or has anything to add, perhaps, he would do so.

(*Mr. Hosken.*) I would like to say we also appear for the Krugersdorp Chamber of Commerce; they have asked us to be their official representatives also. Might I say, as representing the Krugersdorp Chamber of Commerce, they approve entirely of our statement and accept it as their statement.

4017A. (*Sir John Macdonell.*) Has the Krugersdorp Chamber passed a resolution?—(*Mr. Hosken.*) They have passed a resolution; I will hand in the Minute on the subject.

4018. (*Chairman.*) What is the number of members of the Johannesburg Chamber of Commerce?—(*Mr. Hosken.*) 140.

4019. You have had several meetings on this subject?—Yes.

4020. You passed resolutions which warrant you in making these statements?—Yes, it was a unanimous finding.

4021. How many were present?—We will file the Minute of the meeting.

4022. Can you tell me about the Krugersdorp Chamber—how many members are there?—I think about 30. We will give you the figures.

4023. You are putting in a Minute of that Chamber warranting you to give this evidence on their behalf?—Yes.

4024. I propose to go through the answers and ask you questions to elucidate any doubtful point. With regard to Question No. 1—"In what manner or by "means of what documents is the rebate system, so far "as concerns the trade from South Africa, worked in "South Africa?"—you say, "It is based upon certain "'notices to shippers' issued by such Conferences. "The most of these are dated 27th January, 1898, and "13th June, 1907, respectively." The nature of the rebate is explained in the reply which your Chamber gave. "Since then, however, the Conference has "altered the terms, and as from the 1st July, 1907, the "primage of 10 per cent. is still added to the freight, "but the amount subsequently rebated is now only "half of the amount of primage, viz., 5 per cent. The "remaining 5 per cent. is retained by the Conference." That increases the freight by 5 per cent.?—That increases the freight by 5 per cent.

4025. "An alteration has also been made in the "time when such rebates are to be paid. Every six "months an account is drawn up showing the rebates "which have accrued, and these are not to be paid "six months after such account is made up instead of "at the end of nine months, as was formerly the case." On the first part of that paragraph I should like to ask you whether you approve of the reduction of the rebate?—Certainly not.

4026. Because it raises the rate?—It raises the rate by 5 per cent.

4027. But it lessens the hold upon you?—Yes, but as you will see later, that is almost immaterial. We have no chance to bring in outside competition.

4028. I suppose you would have liked the rate to have been correspondingly reduced?—We would have much preferred to have the rate reduced. My colleague has pointed out that we would like the primage to be abolished altogether, but we have set that out clearly in our reply.

4029. You object, in fact, to this alteration of the 1st July?—We decidedly object—other than the shorter period; we think that is an advantage. (*Mr. Sellar.*) It is only fair to say at the time this rebate was added to that the rate was reduced somewhat. To certain points the rate was reduced at the time the rebate was added to. (*Mr. Hosken.*) It was estimated that the actual increase on the year's freight to South Africa would be £80,000, in consequence of this change.

4030. (*Sir John Macdonell.*) Is that your estimate?—Conjointly with another merchant, one of the coast merchants, taking all the ports. Of course, it is only approximate; we have no exact data to go upon.

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4031. (*Chairman.*) You have got the tonnage of goods landed at each port during the last year?—Yes, but we have not the tonnage by the Conference steamers. We cannot differentiate.

4032. It is only a rough estimate?—Yes, and therefore I do not attach much weight to it, but it must be a considerable amount.

4033. That is allowing for the 2*s.* 6*d.* reduction to Durban?—Yes, allowing for the 2*s.* 6*d.* reduction.

4034. With regard to question No. 2, "Does or does not "the merchant in South Africa get the benefit of the "rebate (*a*) on consignments to South Africa, (*b*) on "consignments from South Africa?" "In general "practice all regular importers or exporters get the "benefit of the rebate, but there are cases where "amounts paid to shipping agents do not reach occa- "sional small shippers"?—That is no fault of the steamship company.

4035. There is difficulty in finding them?—Frequently the shipping firm in London will get the rebate, and it does not reach the shippers here, but that is only in very few cases, and on small shipments.

4036. With regard to the question, "In what cases, "if any, have rebates been forfeited by merchants in "South Africa"? you say, "On each occasion when a "competing Line of steamers has entered the South "African shipping trade the lower freight rates quoted "by them induced several South African importers to "support the opposition Line, and in consequence to "forfeit all rebates accruing to them from the Ship- "ping Ring. In all such cases, however, the oppo- "sition Lines have been either driven off or absorbed "into the Ring, and the firms who had previously "forfeited rebates in order to exercise freedom of "choice as to the Lines by which their goods should be "carried, have, upon the termination of competition, "been obliged to ship again by the Conference boats "and to consent to pay a penalty for their so-called "disloyalty in the form of a specially quoted freight "rate exceeding the rate charged on similar goods to "other shippers who had remained 'loyal'—that is, "who shipped solely by Conference steamers." Have you any instance of that?—They have been reported to us. We have no direct proof. They have only been reported to us.

4037. You have no direct proof of that?—Beyond the statement made. It has never been examined into in actual detail or documentary proof submitted.

4038. You say the penalty takes the form of a specially quoted freight rate?—Some of the best known firms in Africa have publicly stated that they had been penalised in that way.

4039. For ever and ever or for a term?—I understand the penalty still continues over the Houston arrangement. We have not the documents. We have the statements made by the merchant firms; we have never followed it so far as to ask for the documentary proof. It never occurred to us to ask for distinct proof. We have taken the statement of the firm concerned when they have made the statement to us. (*Mr. Sellar.*) Mr. Jagger is one, I understand.

4040. Do you mean it is Mr. Jagger's own experience?—(*Mr. Hosken.*) That is one firm we had in view, Jagger & Co., Cape Town. We do not propose to offer evidence on that. There are firms in this town also, but we have not followed it in so far as to have actual proof, such as documentary evidence would afford. We can get it if you desire.

4041. To the question, "What objections, if any, "have you (*a*) to the system of Rings or Conferences, "(*b*) to the system of deferred rebates? Do you con- "sider that these objections outweigh any advantages "which are to be derived from the system of Rings or "Conferences and the system of deferred rebates," you say, "The Chamber's objections to the system of Rings "or Conferences were explained in the written state- "ment sent to the Secretary of the Royal Commission "on 22nd April last. They are principally, (1) That "the result is a creation of a monopoly; (2) The "strength of such Combines enables them to prevent "any effective competition, by either driving off oppo- "sition Lines or by forcing them to join the Com- "bine; (3) The Ring is thus in a position to dictate "the terms and conditions upon which goods are to be "carried. Merchants are left with no option but to "accept these terms, no matter whether they are justi- "fiable or otherwise." Is it that you do not like to be under the dictation of the Conference?—It is much more than that; it is the financial loss.

4042. You do not feel that your dignity is hurt by the Conference having you in their power, or is it of your pocket that you mainly think?—I think the considerations are mainly financial. The present Combine treats the South African people with every consideration and gives them a good service, and so the cause for friction is almost reduced to a fine point. The real question is the financial disadvantage to the whole country.

4043. That you will come to afterwards. It is from the money point of view that the position is felt?—On principle, we in South Africa, and in the Transvaal in particular, have taken a very strong stand regarding all monopolies, which was one of the causes of bringing on the Transvaal War, so that I think the whole community agree, and I think you will find inland the feeling is much stronger as regards monopolies than it is on the coast, because we feel the burden of monopolies on us, and we oppose them in principle much more strongly than any other section of the South African community.

4044. Have you many monopolies and combines?—The war disposed of the Government monopolies in the Transvaal, otherwise, I think they do not exist.

4045. Are there none at all in this city?—Practically none, as far as I can call to mind; none at the moment. There has been an attempt at a cold storage trust, but it did not succeed.

4046. There is no oil trust?—No oil trust.

4047. (*Sir John Macdonell.*) No building trust?—No.

4048. (*Chairman.*) "By means of the rebate system "the carrying trade is secured to the Combine, the "shipper being always in the position of risking the "loss of rebates which have accrued. The system pro- "vides the Combine with a means of enforcing its "terms and of automatically imposing a fine for any "action on the part of a shipper which, in its opinion, "is not in accord with such arbitrarily-imposed con- "ditions." You spoke just now of what happened after that Houston contract—that it was not done by a fine but by increased rates?—That, in itself, is a fine.

4049. You meant that as a fine?—I think the abandonment of the rebate is, in the first instance, the fine. The question as to refund of the rebate rests arbitrarily with the shipowner, and the first thing that has happened is that the rebate is confiscated.

4050. We have had evidence not of confiscation, exactly, and not of the increased rates, but of something between the two, of levying on the shipper, the difference between the low freight that he actually paid and the higher freight he should have paid to the Conference. Have you had that here?—We have had nothing reported to us in that way. There are firms in town who have abandoned their rebates.

4051. When they were tempted by a low freight from a competing line?—Yes, the Houston competition.

4052. "The so-called contract is entirely one-sided; "its conditions are laid down by the party to whom "payment is to be made, and which also claims to "decide not only as to whether the other party has "remained loyal thereto but also whether a penalty "must be paid and what shall be the amount of such "penalty. On the other hand, the Combine is free "to act as it pleases in all matters without restraint "and without incurring any disabilities. . . . . The "objections to these conditions entirely outweigh any "advantages which are derivable from such a system. "As the Chamber has already pointed out, the only "argument which can be used in defence of the rebate "system is, that it assures the maintenance of certain "fixed rates of freight according to classification agreed "upon, but this is only of benefit to the commerce of "South Africa so long as all shippers, without dis- "tinction, are placed on the same footing and are "charged identically the same rates on similar goods." I gather you attach importance to fixed rates of freight?—As merchants we much prefer fixed rates of freight. There are many advantages, especially to inland merchants, in favour of fixed rates of freight.

4053. I think I remember that at the London Conference, when I had the pleasure of being Chairman, you expressed an opinion in favour of steady rates?—

Decidedly, as a merchant. We are all merchants who are here to-day. Our interests are strongly in favour of fixed rates of freight. Then we want also a fixed classification, and under present conditions we do not get the classification.

4054. You say here, "according to classification "agreed upon." Is that classification agreed upon with you?—As long as it is agreed upon in some form we should find it a great element of safety.

4055. You say, "The only argument which can be "used in defence of the rebate system is that it assures "the maintenance of certain fixed rates of freight "according to classification agreed upon." That part implies that now the classification is agreed upon?—There is no classification to-day. I want to bring that forward as a proof that we are under a complete monopoly.

4056. Is this quite accurate—"secures the main- "tenance of certain fixed rates of freight according to "classification agreed upon"? It is not agreed upon, is it?—It is not to-day, but we say that the only argument which can be used in defence of the rebate system is that it assures the maintenance of certain fixed rates of freight according to classification agreed upon, that is, a known classification.

4057. You want some alteration in the system which would secure you a classification?—Yes. In former days it did exist. There is the South African classification, which was published years since. That happens to be the Clan Line, but it is uniform with all the Conference Lines—(*handing in document*).

4058. This seems to be an old document?—Because we cannot get a new one. (*Mr. Sellar.*) The classification Mr. Hosken refers to is something similar to the classification of the railway companies at home. (*Mr. Hosken.*) I think we must have had that classification ten years ago.

4059. I am afraid it would take more than one side of a sheet of paper now; it would be very much more complicated?—It, therefore, shows all the more need. We are producing this so as to show we have no safeguard. The safeguard is a classification under which every shipper knows exactly where he is in competition with other shippers.

4060. (*Sir John Macdonell.*) Complete and accessible?—Yes. To-day that does not exist. The power of the Combine is so great to-day that we cannot even get a classification. (*Mr. Sellar.*) I should like to endorse the remarks made by Mr. Hosken about the uniform rate. All merchants, practically, in the Transvaal, would like to have a uniform rate, provided that rate is a moderate one. There must be a uniform rate. You have here one or two exceptionally large firms—mining firms—who, if they care to, could make contracts at very much lower rates than the ordinary merchant could, and these mining houses are sometimes connected with the commercial houses, and the commercial houses get the benefit of that contract made by the mining houses.

4061. (*Chairman.*) Would it not be the case that in an open freight market you might run the risk of that danger?—There is that risk. (*Mr. Hosken.*) We must run that risk, and the consumer and the country will get a very great advantage, and the British shipper will get a very great advantage. The merchants will be at a disadvantage.

4062. "It is argued that the Governments are en- "titled to a lower rate of freight, owing to the magni- "tude of their shipments, but if this is admitted there "is no reason why the principle should not be extended, "and other large shippers entitled to the same con- "sideration." Is that the only reason for the Governments having a lower rate of freight? Is not the reason that the Government is simply the whole population, and the Government is acting for everybody; it is not a question of the magnitude of the shipments?—The magnitude of the shipments does put them in a strong position as shippers, because it is evident that any one shipper, such as the Government of the Transvaal, making a contract for 80,000 to 100,000 tons in a year is in a position to charter its own steamers, and, therefore, it is in a stronger position than the individual shipper. No matter how large the merchant may be, his individual shipments would not run up to cargo lots.

4063. I thought "entitled" meant that you granted it would be fair for the Governments to have a lower rate?—We say, "it is argued that they are entitled." We object to the argument.

4064. What do you say to the argument that they should have a lower rate because they are the Government?—We say they should not have a lower rate.

4065. But they represent the population?—If you read lower down you will see we do not accept the argument.

4066 It is a different argument?—If you will be good enough to read the paragraph right down——

4067. I put to you this point. I do not say it is on account of the magnitude of their shipments that it is fair the Government should have a lower rate. I say, is it your opinion that, because they are the Government and because they are acting for everybody in the country, they should have a lower rate?—I am glad you raised that question. Fortunately the Governments in South Africa, recognising that they act for the whole of the people of the country, say that they have no claim beyond the people of the country, and, therefore, whatever benefit extends to them must extend to the general shipper. That is the position taken up by the Governments.

4068. You are referring in part to the draft agreement put forward at the London Conference?—That indicated it. The draft agreement put forward at the London Conference shows that the Governments here recognise the fact that it is not to the advantage of the community for them to have special terms and higher terms to be imposed on the general body of the taxpayers of the country so as to level up the difference; that there is no advantage, therefore, to the Governments to come in under such conditions. Fortunately, our Governments in South Africa recognise that fact.

4069. Of course, you are aware that many of our witnesses are in favour of Governments, and indeed municipalities, having a lower rate of freight than the ordinary merchants?—I think it would be very easy in South Africa to indicate the witnesses who put forward such statements, because they are directly representing municipalities as agents or shippers, and want special terms for their particular trade interests. I say if that is looked for it will be seen. I think in every instance where that evidence has been offered to you it is by the representative of some municipality in London. No municipality in South Africa itself asks for such preference.

4070. Are we to take it that your Chamber is opposed to any such preferences?—We are absolutely opposed, and say that they are ultimately to the disadvantage of the country, exactly in the same way that we have stated regarding State railways all through South Africa. We have adopted the principle that there should be no differentiation. The only possible differentiation is where farm produce is carried, when a farmer has a truck sent to the siding he must fill that truck. We look upon that arrangement as reasonable; otherwise there is no differentiation, and traffic is carried for all parties at the same rates.

4071. Carried for the Government and carried for the municipalities?—It is the Government's own railway, and a matter of internal arrangement how the entry is made in the public service accounts.

4072. That principle would not apply in the case of railways?—It does apply, because in the matter of the railway, as with railway administrations in England, at one time with this Transvaal Administration it was the practice not to debit any railage. We suggested, as merchants, that they did not arrive at a true cost of their goods, and that they had better put on railage. As a matter of fact, there is no payment to anyone because it is a State service. It is simply a matter of account. (*Mr. Sellar.*) I think we might state we think it only right and fair that the merchants of the Transvaal should be in a position to quote to the Governments here and also to the municipalities. If, on the other hand, they secure lower rates of freight, we are not in a position to do so. The profit is so small in the Transvaal that the difference between the freight we are charged and the freight charged to the Government means that we cannot quote at all.

4073. I suppose in the greater number of articles which they would import, such as rails or materials, pipes, and so on, you would not stock those; you would not be able to supply Governments or even

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municipalities?—(*Mr. Hosken.*) We could supply almost anything in Johannesburg except special lines in the way of engines. (*Mr. Pistorius.*) It debars the local merchant from taking the orders. (*Mr. Sellar.*) If we see a chance of being able to quote we will stock them. (*Mr. Hosken.*) We are going on a much bigger and wider principle, which the Government has accepted, that the advantage is only nominal to the Government to obtain this lower rate of freight. The real advantage aimed at is to obtain the lower freight for the whole of the community and not for any section, whether it is called the Government or by any other name.

4074. In reply to the question, "Has the effect of "the system of deferred rebates and of the South "Africa Ring been to divert trade from the United "Kingdom to the United States of America or the "Continent of Europe?" you say, "The Chamber has "previously given instances where the South African "Conference Lines have carried foreign goods at lower "rates than British goods, viz.:—(1) Until recently "the Conference steamers carried cement from Ger-"many to South Africa at 12*s.* 6*d.* per ton, while the "rate from the United Kingdom was 15*s.*" That is not so now?—That is not so now.

4075. When was that altered?—About the time we were in London; about a year since.

4076. "(2) Further information as to advantages "available to German exporters is given in the attached "Appendix A., being copy of a letter from Messrs. "Ransomes, Sim, & Jefferies, Ltd., of Ipswich, to "Messrs. Morison, Pollexfen, & Blair, London." This is a case in which some ploughs were supplied from Leipzic; they quoted a through rate from Leipzic to Durban at a less rate than the English Conference would quote—from London, I suppose?—Yes. The exact details are set out.

4077. In the third paragraph they say, "which "means that the German State Railways are prepared "to carry 13½ tons weight of ploughs for nothing from "Leipzic to Hamburg and then pay the German manu-"facturer £2 as a bonus for exporting them, supposing "that the German railways are charged the same rate "as the English manufacturers from Hamburg to Dur-"ban." Is that £2 supposed to be the equivalent of the cost of delivering at Hamburg the goods from the manufacturer? Is that 3 per cent. on the value?—How the bonus is arrived at I do not know.

4078. That is what I hoped one of you would explain to me?—It is extremely difficult to get details of any of these German shipments. The firms obtaining the advantages will not give us any information.

4079. (*Sir John Macdonell.*) The £2 is the difference between the through rate from Leipsig to Durban and the rate from Hamburg to Durban, is not that so?—The next paragraph says, "The result is, that the "German manufacturer in Leipsig is liable to charge "for this 13½ tons of ploughs Mks. 34.90 only per ton "weight from Hamburg to Durban—Mks. 471, or "Mks. 214 less than the English exporter has to pay "from London on the same goods, so that in the matter "of freight alone the merchant importing from England "has to pay nearly 50 per cent. more than the mer-"chant importing from Germany."

(*Chairman.*) How you arrive at the £2 is an interesting point in view of other evidence?

4080. (*Sir John Macdonell.*) Is it not the difference between the through rate from Leipsig to Durban and the rate from Hamburg to Durban?—Yes. This is only a written statement that reached us from Ransomes, Sims, & Jefferies. We have no personal knowledge. It is a copy of a letter. As you see, both in Ipswich and London there is correspondence. I have no doubt further details could be obtained.

4081. (*Chairman.*) You take this point, that goods are carried from a long way inland to the port for nothing?—Yes, by the German State Railways.

4082. By some arrangement made between the Government State Railways and the Shipping Lines?—There we do not know if it is an arrangement with the shipping companies or with the manufacturing firms in Germany, but it is quite evident that a manufacturing firm in Germany is open to give a through rate to a South African port.

4083. You have not any very minute personal knowledge of it?—We have not.

4084. You say, "During open competition the Con-"ference Lines carried cargo from New York to South "African ports at rates equal to about one-half of "the rates then being charged from Great Britain." Was that the Prince competition?—Yes.

4085. Those were quite abnormal rates?—Well, it shows what an open freight market does, and the consumer in this country gets the advantage.

4086. Do you think he got that advantage in the goods that came through that way?—Undoubtedly. The competition here is very keen, and any reduction that can be got in any charge whatever—freight or cost of article—is immediately reflected in the local market. (*Mr. Pistorius.*) The buyers take care of that. (*Mr. Hosken.*) The Prince Line would load goods in a British port—Hull or Liverpool—at 15*s* a ton, and carry them to New York and then again to South Africa, viâ New York to South Africa for 15*s.* when that competition was on. That continued for a very long time; and, as showing also the position and as accepted even by the Conference lines, in 1904 or 1905 a notice was issued by all the Lines trading from America saying that the rate would not exceed 20*s.* a ton for the year, so that shippers could calculate accordingly on their shipments 15*s.* to 20*s.* The maximum was to be 20*s.*, and the maximum from England at that time was at least double. This is a consuming market and not a producing market, and, therefore, we are much interested in the question as to how it affects the consumer.

4087. Would a small consumer get the benefit of a rate of that sort?—It is difficult to explain exactly how 10*s.* or 15*s.* a ton will reach the consumer, but it does. As indicating the competition in this market, I would mention milk, for instance, which only gives 6*d.* a case of 4 dozen margin for retailing, and it is sold for that 6*d.* a case difference. The nett cost of Anglo-Swiss milk landed in Johannesburg is 23*s.* 6*d.*, and it is sold at 6*d.* a tin—that is, 24*s.*

4088. The very small consumer buys in pence, does he not?—We have no pence. The railway people and the Customs and the Post Office use pence, but we have not yet got into the way of using pence.

4089. Is not that bad for the small consumer?—Very bad, and unthrifty. Since the War, the Government made an attempt to introduce the use of pence, and there is no doubt that from the economical point of view it would be an advantage.

4090. This is not part of our reference, but would not that have something to do with the larger price to the small consumer of goods carried in this way?—That is met by the keen competition that there is in the town of Johannesburg; in fact, right through the Transvaal, but in Johannesburg in particular—by selling two or three articles at a lower price. For instance, take Quaker oats: a single packet is 9*d.*, but three packets can be got for 2*s.* The retailers publish their prices showing that where the odd pence come in and where a saving can be effected. The competition is so keen that this is done.

4091 They try and meet this lack of pence by some arrangement of that sort?—(*Mr. Pistorius.*) A reduction in a large quantity. (*Mr. Sellar.*) May I ask if you are trying to get at this point, as to whether the 10*s.* reduction in freight really goes to the consumer in the Transvaal? I think you must take it for granted that it does, in the same way that if there is a reduction of 10*s.* in the railway rate from Birmingham in particular lines, that reduction will take place immediately. It may not take place in the particular article we are selling here, but a reduction enables us—the merchants here—to reduce, perhaps, slightly on one or two other lines, and that is bound to take place because the competition is so very keen. It is difficult to see and to point out. (*Mr. Hosken.*) From the country's point of view, supposing that a million tons come into the country and 10*s.* a ton might be saved on the total imports, then it is evident that the country, as a community, has saved £500,000 a year. It actually reaches the consumer in one form or another. The whole community has saved that sum, and is to that extent better off.

4092. With regard to the question, "Do you consider "the rates of freight (*a*) from the United Kingdom to "South Africa, (*b*) from South Africa to the United "Kingdom, to be excessive? If so, please state reasons "for your opinion," the reply is, "The conclusion that "the present rates are excessive has received confirma-

"tion in recent years, (*a*) by actual offers to contract "and by the expressed desire of other Lines to enter "the trade." What instance can be given me?—There have been repeated offers in one form or another, mainly through the Government, because the Government is one of the largest shippers. For instance, when we discussed the question two years ago in the Legislative Council, a cable reached me offering 40,000 tons a month to any one port in Africa at 20*s.* a ton. I find that was a dead-weight offer, so that as a measurement offer it would be much less.

4093. Could you give us the name of that firm, or, if you do not want it published, will you write it down? Will you also give us the date?—I will send in the exact details. We got our best evidence from the public statements made regarding the offers in open competition—say, for instance, when Houston was competing.

4094. Was not that for a particular purpose; was not that to get into the Ring?—Possibly. He disclaimed any idea of getting into the Ring, but we think the evidence is much clearer than that offer in any way. We had the evidence from the Natal Government of an offer of 12*s.* 6*d.*, which was published. They published a statement, and also made the statement in the Legislative Assembly, so that it was publicly known that they could have had a contract at 12*s.* 6*d.* a ton all round.

4095. When was that?—At the time of the Houston business. Then the Cape Town Harbour Board published a statement that they had made a contract at 13*s.*, also the Port Elizabeth Municipality. Our own Government contract also indicates a similar thing. When attention was called in our Legislative Council to the fact that other Governments were getting freight rates much below our rates, within a week of that being notified to the Crown Agents in London we had the rate of freight reduced from 32*s.* 6*d.* for rails to Delagoa Bay to 16*s.*, plus the cost of landing— to the 16*s.* must be added the cost of landing. That is a reduction of about 40 per cent.

4096. Was not that for a special class of cargo?—The shipments for this market largely consist of the same kind of cargo—of bar steel and sheet and bar iron and similar cargo. In a mining community such as this, our shipments largely consist of these items. (*Mr. Sellar.*) I would like to mention this, which is perhaps sometimes overlooked by the merchants, that any individual shipping company or two shipping companies are bound to give lower freights. We are suffering at the present time by the present companies being opposed by another shipping company, and rather than be opposed longer they have taken them in, until now there are far too many of them and they are coming to this country half full. If one or two shipping companies did the business, they could do very well at a very much lower rate that is being charged. (*Mr. Hosken.*) It is evident that the present rates are so attractive that the other shipping companies are trying to get in. If they ran full the profits would be so great as to be attractive to other shipowners.

4097. Would you be prepared to have fewer boats in?—Absolutely.

4098. Do you not want, for fashion goods, to be able to have a good service?—(*Mr. Sellar.*) They would come by the mail service. (*Mr. Hosken.*) We think also that it is probable that, with the very fine service the Union-Castle Company have, they would have a mail boat and an intermediate boat weekly. Those would run at fixed dates and possibly at slightly higher rates than ordinary cargo boats. But, taking the Transvaal market in particular, most of our goods are low-class, cheap goods—steel and iron—that we are not at all anxious for very early delivery or quick delivery, and it would suit us far better, and the whole country too, if we had a less expensive, if somewhat less efficient, service.

4099. You are getting them more and more by Delagoa Bay, are you not?—Yes. That shows that we are not in hurry about delivery. If we were urgent for delivery, we should not use Delagoa Bay.

4100. What is the difference in time?—(*Mr. Pistorius.*) Delagoa Bay deliveries can never be got here by the intermediate services of the Conference Lines in less than six to seven weeks, whereas a delivery viâ Port Elizabeth would be 25 days to Port Elizabeth—within four or five weeks up to here, as against 7. (*Mr. Sellar.*) My friend Mr. Hosken has not put that point rightly—that we are in no hurry for the goods. I think he might say that the merchants here are of such a class that they can order in time so that the goods may go to Delagoa Bay. (*Mr. Hosken.*) As a matter of fact, large quantities of goods, even of such valuable goods as cyanide, costing several pence a lb., get shipped by sailer so as to save the freight.

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4101. You are out of your money all the time?—In spite of that the difference in freight is so great that we are driven to make shipments by sailer.

4102. Why do you not charter sailers for other goods?—Some goods we cannot wait for. With most goods, also, the steamer shipment is a very great advantage with regard to the condition of the goods. The condition of the goods is better on the average. (*Mr. Pistorius.*) That is not my experience.

4103. (*Sir John Macdonell.*) Have you any opinion on the subject—(*Mr. Sellar.*) No. (*Mr. Pistorius.*) I have constantly got sailing vessel shipments, and I have only just received some now—steel plate, particularly, and bar iron. They come very much better by sailing vessels than they come by steamers. The steamer shipments are always bent; whether it is by bad stowing or not, I do not know, but the condition of the bars and the sheets by sailing vessels is very much better than by steamer.

4104. (*Chairman.*) The insurance is higher?—Yes. (*Mr. Hosken.*) I think he has his last shipment in front of him. (*Mr. Pistorius.*) I am constantly doing it.

4105. You have just shipped by sailer?—No, but during the year we have four or five shipments by sailing vessels.

4106. Are you tied by rebates all this time?—Yes, but it does not affect the sailing-vessel question. We have four or five shipments by sailing vessel every year, and those shipments always arrive in good condition. The insurance is 8*s.* 9*d.* to Delagoa Bay, whereas by sailing vessel it is from 35*s.* to 50*s.*, but you have 17*s.* 6*d.* freight as against 40*s.* The difficulty, as Mr. Hosken has pointed out, is that goods are sometimes wanted quicker than the sailing vessel can bring them. (*Mr. Hosken.*) We have had a sailing ship that took ten months or a year, and we have just landed a cargo of sulphur, where the ship ran ashore on the South American coast, and we had to send another ship and take the cargo out and re-ship from the vessel on the beach. Of course, we avoid this sort of thing with a steamer. Might I say in passing, that a modified form of the Ring obtains also regarding sailing vessels for England. I have known instances where it has paid to ship the goods from London to Antwerp and re-ship by sailer from there. It paid to pay the freight and handling from London to Antwerp and re-ship on the open market from Antwerp rather than through London, because of the modified sailing-ship Ring.

4107. (*Sir John Macdonell.*) What modified sailing-ship Ring?—It is not so elaborate as with the steamship companies.

4108. (*Chairman.*) You get a rebate?—A rebate of 1*s.* a ton.

4109. Do you forfeit rebates?—Yes, and, further, you do not get space when you ask for it, and there are various things in the way, if you are not loyal.

4110. (*Sir John Macdonell.*) Who are the parties to this modified Ring?—I will send the particulars to you.

4111. (*Chairman.*) You say, "(*b*) By the fact that "several of the members of the Conference mainly rely "for their trade on homeward cargo from India, South "America, &c. Their steamers frequently have to "leave England with only small outward cargo, and "if they were free to do so, they could profitably carry "goods to South Africa on the outward journey at a "greatly reduced rate." I should like a little explanation of that?—In the first instance, we find that all the Lines, except the Union-Castle and the direct Line to Durban, go on to some other part of the world for return cargo—India, Australia, or South America—and, therefore, it is evident that this is the half-way house for them to most of those places. Then also we find in looking at freight records, as published by the shipping newspapers in Great Britain, we see freight, principally from South Wales, to India, at rates far below anything we ever dreamed of in South Africa and viâ the Cape. I remember one rate of 8*s.* for coal.

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I think the average rate was about 10s. from South Wales to India. When the Houston competition was on, this Government had an offer at South Wales rates, plus 2s. 6*d.*, for goods. We were offered a contract for a certain tonnage at coal rates of freight, plus 2s. 6*d.* It is evident, if a freight for Colombo could be got at 8s., a charter could be got to Durban or Delagoa Bay at 8s. also.

4112. You are speaking, are you not, of the rate from the United Kingdom to South Africa? I am on the second point now?—I see I have not made myself clear. I want to show that we are on the direct route to India; that most of our steamers go on to India or they go on to Australia or South America; they are on the road to those places, where back freight is obtainable; and yet, instead of having the advantage of low rates, we are tied up by the present Conference Combine in such a way that we cannot in any way benefit by this competition; and we see in public reports that ships are chartered, we will say, for India at rates of about 10s., and that they go past our ports—they are chartered to sail viâ the Cape, and they go past our ports and go to India at far less rates than we get in South Africa.

4113. There would be nothing for them to take on to India?—But they have got the money before they reached India; they have earned their money before they reached India—and that is evidenced by the fact that the Clan and most of the other Lines, although coming viâ the Cape, go to India nominally light—but they have earned more by coming to South Africa than they would have earned by going to India, and if they go to Africa even with a half cargo, they will earn a better freight than by going with a full cargo to India.

4114. On the question of rates from South Africa to the United Kingdom, I suppose you have nothing to do with that except in gold?—The Transvaal practically only sends gold.

4115. Practically, you have no evidence to give on back freight?—I say the difficulties are most unduly magnified—that it should not be a disadvantage to South Africa from its geographical position, but on the contrary a very great advantage, because we are on the way to all the big back freight markets of the world, to India, Australia, and even South America, indicated by the fact that the South American Houston Line came in.

4116. You have not anything to tell me as regards the freights from South Africa, whether they are very high or whether they are not, or with regard to coasting rates?—The Chamber of Mines will probably give you evidence regarding gold. We in the Transvaal strongly object to the rate charged on gold. (*Mr. Sellar.*) I would like to point out that if we are going to be at all successful in other minerals besides gold, unless we can get a very cheap freight homewards there will be no possible chance of doing much good, and everything that possibly can be done ought to be done to encourage anything new in this country.

4117. That is on the general question of going home from here to the United Kingdom. On the prospects of their being minerals other than gold, I think we must get it from the Chamber of Mines?—They will only give it as regards gold. The other items are much more important as regards the country's point of view.

4118. You have no special knowledge?—No, I have only the great desire and wish that the lowest possible rate should be charged in order to encourage these other industries. (*Mr. Pistorius.*) I may say that there are lead mines being developed now, and they are mining a considerable quantity of lead ore, which will be shipped to the European market—Swansea, and so on—where large reduction works are established, and it will be necessary to have very low rates.

4119. It will be shipped as Ore?—Yes.

4120. They could not reduce it here?—No. (*Mr. Sellar.*) We are shipping enormous quantities of tin ore at the present moment. It may happen you would get one or two mines just on the verge of paying. The difference between 20s. and 30s. charged as freight might mean all the difference between the opening and the closing of that particular mine.

4121. Where does the tin ore go to?—To London. (*Mr. Pistorius.*) It is sent to Delagoa Bay.

4122. And then it is shipped?—(*Mr. Hosken.*) The principal part goes to Cornwall. (*Mr. Pistorius.*) I do not know whether the Conference Lines carry it or the German Lines. (*Mr. Hosken.*) We do not urge any special complaints about it, because it is evident from the action of the Conference Lines in reducing the freight for mealies that they do give consideration to a question of this sort, and there has been a considerable reduction in the rate on mealies that are now being shipped in London. We do not want to be unreasonable in our statements. Have I made it quite clear that I think, and our Chamber thinks, that this question of back freight has been unduly magnified, that our geographical position, instead of being a disadvantage to South Africa, ought to be a great advantage. We know that shipowners other than those in the Conference say that they would be only too glad to come almost at any rate of freight to South Africa on the way to India or Australia, so as to obtain the back cargo, and therefore we should have really very low rates of freight instead of very high rates of freight.

4123. Then with regard to Question 7, "Are you "aware of any preferences (secret or other) in the "matter of rates having been accorded to favoured "merchants or importers which are not accorded to "all?" you say, "That the Conference Lines have "granted preferential rates to certain shippers will be "seen on reference to the following special contracts "made by them, viz., (1) with Messrs. Wernher, Beit, "and Co. and the Consolidated Goldfields of South "Africa (*see* page 84 of the Minutes of the South African "Freights Conference at Cape Town, January, 1905)." Are those contracts subsisting still?—We think they have run out.

4124. "(2) With the Cape Town Municipality (*see* "above Minute, page 96), (3) with the De Beers Com-"pany, (4) with Messrs. Stewarts & Lloyds, Ltd., "(5) with the various South African Governments." You have already told me that the Chamber of Commerce object to the preferences even in the case of Governments and Municipalities?—Yes, decidedly. I think it will be evident that it is very difficult to get evidence regarding contracts of this sort. They are naturally secret and confidential contracts, and the firms obtaining the special advantages do not give away the contracts that they have and that are to their material advantage, so that, although we have only a few—principally large public companies—these have come out because of statements made to shareholders or something of that sort, and that has enabled us to trace them.

4125 You have no special knowledge of the other cases that you think exist?—No. Naturally the firms concerned will not give us the information.

4126. With regard to No. 8—"Would it be practic-"able for South African merchants to combine and "charter tonnage in the open market for their consign-"ments?"—you say, "Past attempts to establish and "maintain a competitive service, relying mainly on "the support of merchants, have failed, owing alike "to:—(*a*) The financial power of the Combined Ship-"ping Lines (including the control and use of a large "sum held by them as deferred rebates), which has "enabled them to render the working of competitive "Lines unprofitable; (*b*) the preferential conditions "which South African Governments and certain "Colonial Corporations and favoured shippers enjoy, "and which prevent any satisfactory combination "amongst importers; (*c*)—and mainly—the operation "of the rebate system and its penalties for so-called "'disloyalty.'" You do not think it would be possible to maintain a competitive service?—No. The merchants, scattered over such a wide area as we are in South Africa—or even if we were more concentrated it would still be almost impossible to get a number of merchants to act together for such a purpose, and further comes the difficulty that although in the aggregate the traffic is fairly uniform—our railways show that month by month we carry about an average traffic of a similar quantity in weight—but the various merchants concerned find it extremely difficult to estimate their possible freight requirements; and to make arrangements of that sort it is absolutely necessary to have a fixed quantity for each individual shipper, and when it comes to be worked out as a business proposition it is found to be impossible, although we know that when a service goes on such as the present service the average freight will keep about the same

to be distributed amongst the various ships sailing, but the difficulty is to devise any scheme under which we, as merchants, can gather the shipments together and provide for their shipment.

4127. It is quite a special business, I suppose, to know how to gather things together and to provide the proper tonnage, is it not?—It is. You will see from this table how close the tonnage on the railways runs month by month. (*Handing in document.*)

4128. This is a statement of the tonnage of civil traffic?—This is merchants' traffic—other than Government traffic.

4129. Traffic conveyed to the Transvaal by the Central South African Railway, 1905-6. It shows that the monthly returns are very even, ranging—the smallest month at 23,000 tons and the largest 34,000 tons, the total for the year being 333,000 tons?—If you take any of the tables, it will be seen that the averages run very close.

4130. (*Sir John Macdonell.*) The extremes seem to be 49,000 on the one side and 71,000 on the other?—(*Mr. Pistorius.*) Those fluctuations are accounted for by changes in Customs duties.

4131. (*Chairman.*) In December, 1906, there was a great decline—only 49,000. I suppose there was something special about that?—(*Mr. Hosken.*) You will probably find July was a big month. There was a change in the Customs tariff in June and July. Taking the average, I think it will be seen——

4132. That fairly proves your point, that the months are somewhat alike?—Yes, with the exception of one or two months.

4133. What argument do you base on that?—That, as far as the shipping business is concerned, the aggregate tonnage can be fairly estimated and provided for, but it is practically impossible to gather this freight together by any combination of merchants, and, therefore, although the actual result is that the average tonnage can be estimated and provided for, yet no combination of merchants could possibly provide for it.

4134. Then with regard to "What remedy, if any, "do you suggest?" you quote the conclusions attached to the statement of the 22nd April and go on to say, "As the foregoing representations indicate, past ex- "perience clearly points out that the best solution of "the problem would be the abolition of the rebate "system and the creation of an open competitive mar- "ket. It is, however, recognised that there would "probably be certain drawbacks arising from an open "market, such as (*a*) larger shippers being able to "obtain lower rates of freight than smaller; and (*b*) "cargo being carried on ship's account. You regard that as an objection?—Yes, but I think it is a very small one. When I was in business in Natal, my firm were agents of people endeavouring to get into the South African trade, and they shipped cargo on ship's account to the port of Durban, and I think these shipments are not very satisfactory to the shippers. Then there is another point, that such shipments invariably consist of heavy lines of low value. The shipping companies naturally select lines like cement. This Company—the Clan Line—selected salt and timber and cement as goods to fill up the ship with, but the result on the market was so small as scarcely to affect the general position, and as an importer myself I am not the least alarmed about shipments on ship's account.

4135. You know that a great many merchants are?—Yes. I think they unduly magnify it.

4136. There is very little of that sort done?—As far as we know, none.

4137. A certain amount of coal, I suppose?—That we do not take into account.

4138. That does not concern you here?—No, except as a coal-mining country. We think there is very little room for coal imports; we are steadily improving in our coal supply for export, and we meet all local requirements.

4139. Then you say, "It is, therefore, considered "that legislation should be passed to provide against "these and other contingencies, and in this connection "attention is drawn to the draft Shipping Rebates "Prohibition Act submitted to the London Conference "of 1906." That was the last Bill, was it not?—Yes.

4140. You and I remember the discussion on that. It was not very favourably received?—The previous draft was the one that officially came before the Conference, if you will remember. This draft had not been submitted by the Government to the Board of Trade.

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4141. You do not remember going to Mr. Lloyd George with a copy of that?—Yes.

4142. What sort of a reception did he give you?—It is shown by your presence here to-day. He said it was so far-reaching that it would be necessary to have a Parliamentary Inquiry and, possibly, a Royal Commission would be appointed, which we thought was very favourable, considering the circumstances under which we had to present the draft Bill.

4143. Do you remember that after that interview a reply did come from the Board of Trade on that Bill. The reply was never printed in public. It was a reply not very favourable to that Bill?—I think not to this Bill. It was to the other. In any case, they pointed out that for us to legislate in South Africa and penalise any ship—say a German steamer—carrying cargo contravening the regulations of such a Bill, would put the Home Government in a difficult position. We, as South Africans, quite recognise it. Mr. Lloyd George pointed out that the only possible way therefore would be for Great Britain to legislate if it were considered of sufficient importance, and with that we are in entire accord. We quite recognise that if we legislated on these lines and the Mother Country did not legislate, we might land the Mother Country in a difficult position.

4144. You will see that there were strong objections?—I quite recognise that.

4145. On the other hand there was a draft agreement which was before the Conference in London and which, if the rates had been lowered by the Conference Lines, might have been accepted by you gentlemen?—Yes, we were in favour of a compromise. The commercial representatives who were on that delegation were entirely of opinion that the advantage to the country on the whole would be in abolishing rebates entirely. But we recognise that a great portion of the commercial community in South Africa favoured steady and established rates of freight, established conditions all round, and therefore we were ready to meet that view and endeavoured to provide for it by the compromise.

4146. Has the draft agreement ever been before your Chamber in considering this question?—Not specifically. The Secretary has reminded me that it was indirectly before us. We did not consider it as a specific document coming up for discussion and consideration, but it was in front of us when we prepared this report.

4147. Can you tell us at the present moment if you got the shorter term for keeping the rebates, and if you got the lowering of rates to anything like the figure which you required. Could you say that that draft agreement would be accepted by your Chamber here as a compromise on this question, and leave the rebates?—That has never been discussed. The rate of freight will have to come down so considerably to be acceptable to the community here that there seems to be no possibility of an understanding. Coming back to the main question, we are convinced that the advantage to the country is greatly in favour of the abolition of rebates, so as to have an open market.

4148. You would have some disadvantages?—Whatever they are we would face them.

4149. You say, "On the other hand the Chamber "would prefer an open market to the continuance of "the rebate system on its present lines. If, however, "your Commission should decide that in order to pro- "vide for uniform and maintained rates of freight and "regularity of sailings a rebate system is essential, "the Chamber would strongly urge that the following "conditions should be secured, viz.:—Reasonable and "uniform rates of freight; uniform classification, terms, "and conditions for all shippers; modification of the "terms of the rebate system to provide for adequate "protection and reduction of the period during which "rebates are retained; amounts to be deposited under "rebate system by the shipping companies as well as "by the merchants"?—That is a new departure. At present the shippers deposit them, and we have no fund of the shipowners to fall back upon.

4150. Who do you want to get your fund from?—Suppose that they, as they have done in the present

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instance, give special contracts to favoured shippers, we want to penalise them; what fund have we to go upon?

4151. You want to penalise them?—Of course we do. "The impartial adjudication thereon to be provided "for."

4152. You want arbitration as regards the disposal of the rebates, and you want to go further than that, you want to be able, in the case of undue preference, to have some fund allotted to you?—Under the control of the arbitrators. Just as the shipping companies now say, "Your rebates are forfeited." In the same way we should draw upon the shipowners' fund.

4153. (*Sir John Macdonell.*) This joint fund to be deposited with some third party?—Yes. Say, Stewarts and Lloyds had this favoured contract and had pipes shipped by weight where others had them shipped by measurement, making 200 or 300 per cent. difference in the freight cargo, we should want to penalise the shipping companies so as to refund the overcharges made to other shippers.

4154. (*Chairman.*) Then you say, "Abolition of pre-"ference of every kind; despatch of steamers on fixed "dates." You have that now?—We have, but under very onerous conditions.

4155. "Shipowners not to take any cargo on ship's "account, except coals to fill up." I gather you do not attach very great importance to that?—I think I am probably singular in that respect. I have had actual experience of it, and I do not attach much importance to it.

4156. "A system of arbitration to cover all points in "dispute." Most of these items are in that draft agreement, except about the amounts to be deposited under the rebate system by the shipping companies?—We have said if it is impossible to wipe out the rebate system, then we would have the best form of rebate system.

4157. On those lines?—Yes.

4158. (*Sir John Macdonell.*) You have told us the resolution which was passed by your Chamber against the rebate system. Has the subject been before the Chamber previously?—Constantly. It has been for years the constant subject.

4159. Have the resolutions of the Chamber on the subject been always consistent?—I think without exception. The only modification has been that, as in this statement now presented, we have modified our statement regarding rebate. I think every other resolution carried in open debate in the Chamber has been in favour of total abolition without any compromise of any sort.

4160. Has there been a minority in your Chamber in favour of the rebate system?—Always some small minority want conditions such as we have embodied in our recommendation if the rebate system is continued.

4161. I think you said the last resolution was passed unanimously?—This report was adopted unanimously.

4162. Do you know whether the Krugersdorp Chamber of Commerce has been equally consistent?—I do not know. I think it is only fair to us to say that the Krugersdorp Chamber is not such a large and important Chamber, and, therefore, I have never followed it so closely.

4163. We have been told at one place that with regard to this question there has been of late a change of feeling and a change somewhat more favourable to the rebate system. Should you say that has taken place in Johannesburg?—No. We, as merchants, are all in favour of settled rates of freight and settled conditions.

4164. You do not agree with those witnesses who have told us that, just of late, there has been, on the whole, a change of feeling somewhat more in favour of the rebate system?—I think there is no evidence. (*Mr. Sellar.*) None whatever. With regard to this point of rebates, I cannot possibly see what the rebates have to do with the fixed rate at all. Mr. Hosken said we were so much in favour of uniform rates. I say we are, but I do not see what the rebates have to do with that.

4165. You think, Mr. Hosken, that the effect of the rebates is to increase to the consumer the price of certain articles?—(*Mr. Hosken.*) Undoubtedly.

4166. And in the main the consignments which come to you are articles of great weight but of low value?—In this market in particular, the mining market.

4167. Then I presume that so far as the great majority of the consignments to this town and the neighbourhood are concerned, rates of freight particularly affect you?—They affect us very much.

4168. Inasmuch as the articles on the whole are articles of great weight but low intrinsic value?—Articles required in the mining industry, they are principally iron and steel and products of that kind.

4169. Will you give me an example?—Take sheet steel, which is greatly used here. The average home price might be taken as not exceeding £7; the freight on that, to Delagoa Bay, say, at 30*s.*, and with the railage charge it brings it up to about 100 per cent.

4170. Would you mind keeping the railage charge apart for the moment?—We will take the particular line, say, 30*s.* to Delagoa Bay, with the primage on. An average for steel sheets might be taken at £6. Take the freight charge at 33*s.*, it is evident it is more than 25 per cent. on the value of the article, and if we can reduce that freight charge we immediately reduce the charge on the steel sheets, and, therefore, the burden on the mining industry.

4171. In mentioning that commodity, you are speaking of a commodity which is in very large demand?—Yes. The same thing applies to bar iron and to drill steel and to shoes and dies.

4172. You mentioned bar iron?—The average price there would be about £6, and similar conditions would prevail.

4173. You mentioned Delagoa Bay. I suppose, naturally, it would be Port Elizabeth, would it not?—No. All these lines come to Delagoa Bay because of the cheaper conditions, the shorter railage, and the difference in freight as between Durban and Delagoa Bay is only 2*s.* 6*d.* a ton.

4174. So there again is an increase of something like 25 per cent.?—Yes.

4175. Have you any other illustrations?—It applies to all goods of that class and such goods come out in very large quantities. Take shoes and dies. They are used in the stamp batteries for breaking down the rock. That business almost entirely left Great Britain and went to Germany, and we think in the first instance that was because of freight conditions, but we have no direct proof.

4176. Would you mind illustrating that a little more clearly?—Shoes and dies are quoted f.o.b. in Great Britain, say, £13 a ton. The freight charge on shoes and dies is 40*s.*, about. (*Mr. Sellar.*) I should think it would be the same as bar iron. (*Mr. Hosken.*) We have not imported shoes and dies for two or three years, and I am uncertain.

4177. Give me your impression now, and you can correct it afterwards if you find it wants correcting?—I see I am making a mistake. It goes under the machinery conditions—32*s.* 6*d.*

4178. It would be something like 12 per cent.?—Yes, and the mining companies make contracts running into hundreds of tons at a time for supplies of these articles.

4179. You referred my friend to a list of tonnage sent to the Transvaal by rail. Should I be right in saying that, in your judgment, a very large proportion of that tonnage consisted of the same or similar articles to those of which you have given me illustrations?—Of the ordinary trade articles, yes, but of this tonnage a considerable portion also would be timber, and it does not come by steamer.

4180 That would be a thing to be eliminated. There is another aspect of the question which I should like you to clear up. Of course, rates may be quoted per ton by the Conference Lines, but to you, the shipper, or to you, the consignee, these rates may have comparatively little meaning, inasmuch as the charges will be by measurement?—Yes.

4181. And I think that in some information that your Chamber was good enough to give on that subject you gave some illustrations in what you called Appendix "B." My eye alights upon this one. It is the third item. 53 cases of boots and shoes. The rate of freight is 42*s.* 6*d.*; then you give the measurement of the goods, which seems to run into a large amount. They do not seem to pack tightly. That turns out to

be equivalent not to £2 2s. 6d., but I think to something like twice as much as that?—Far more, £13 4s. 8d. (*Mr. Sellar.*) £4 12s. 2d. per ton. (*Mr. Hosken.*) That is so. It is twice the amount. I have taken the aggregate.

4182. Take another case; in the second instance it turns out that the actual rate is equivalent to a rate of something like four times as much?—Yes, £9 16s. 4d.

4183. Taking that class of article which you have enumerated there, do you know whether all or any of these articles are procurable from Germany?—Yes. Boots and shoes are not shipped from there to any material extent.

4184. Will you put your finger upon one or two articles which would be procurable from Germany?—Blankets and rugs would be lines that might come from Germany, and some of the hollow-ware. (*Mr. Sellar.*) Boots and shoes might come from Hungary. (*Mr. Hosken.*) I was a large importer in that line and only a very small proportion of our boots were Vienna boots.

4185. I suppose it is the case that a considerable proportion of these articles that you have put down there are procurable from Germany?—Yes, but as an actual fact, I should say in coming to this market it would be furniture, hollow-ware, rugs, and blankets.

4186. If these articles came from Germany they would be chargeable for freight not according to measurement but according to weight; is that so? Is that within your experience?—No, I think not. I think there are all sorts of favoured conditions on German railways and rebates that we cannot trace. No firm will give us any information as to what sort of conditions they get.

4187. At present, I am asking you a simple question. These articles, from your experience, are charged from Germany by weight instead of measurement?—We have no proof, as far as I know. We think that is the state of affairs but we have no actual proof.

4188. Putting aside these articles which, for another purpose, you put down here, do you know of any articles, coming not merely from Germany, but from some other foreign country, as to which, the rate being charged by weight and not by measurement, they are, in fact, carried cheaper?—We fear that that is the state of affairs, but we have no actual proof. The firms obtaining these advantages will not give us the proof that we look for. We have no classification. Being without a classification under which all in the Conference bind themselves, we have no safeguard as to whether this is being done.

4189. There was a document purporting to be a classification issued by one of the members of the Conference many years ago?—Yes.

4190. At the present time, as far as you know, there exists no classification?—We have made repeated applications for such a list, but without effect. Probably, the official Government witnesses will give evidence on that point.

4191. I am asking your experience?—The Crown Agents made application.

4192. Have you made application?—Yes; repeated application.

4193. What has been the answer?—That there is no classification now issued.

4194. Does not that place a shipper in a somewhat precarious position with regard to the agent of one of the shipping companies. Is it not left to his discretion necessarily to a large extent whether he should put a particular article into this class or that class?—Yes, and what is still more important is the point you referred to just now, whether the goods are carried by weight or measurement.

4195. That you suggest is left to his discretion?—We have no safeguard. We have no absolute classification or safeguard under present conditions, and that, it seems to me, is the plainest proof of the monopoly's power and the conditions obtaining under the Conference regulations.

4196. Have you, with regard to any particular shipment, asked that that shipment should be charged according to weight and not according to measurement, and have the companies refused?—We, as shippers, constantly endeavour, if we can, to get weight conditions.

4197. The position always taken up is that that is to be at the ship's option?—I think the position taken up is that it is contrary to the terms under which other shippers' goods have been carried. The idea always dominant regarding matters of freight is that all get the same treatment. We have no proof that they do get the same treatment.

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4198. Whether they do or do not remains entirely within the knowledge of the shipping companies as long as there is not a classification?—There is no check on them whatever.

4199. I suppose that classification would not be of very much use unless it was accessible to everyone?—In the ordinary way a classification is. Formerly all the Lines trading with South Africa issued classification lists.

4200. Your opinion is that just as you can ascertain from a printed document what is the classification for a railway, there should be a similar provision in regard to ships?—Exactly. (*Mr. Sellar.*) Certainly. (*Mr. Hosken.*) And there should be no change unless there is due notice, so that every shipper shall be under the same conditions.

4201. I intended to take that point later on. You think not merely should there be a classification, but before any shipper is to be bound by a change in classification, due and reasonable notice should be given?—Yes.

4202. Returning to the effect of the rates upon prices, you mentioned certain commodities which are largely conveyed to the Transvaal. Have you considered what is the effect of the rates upon foodstuffs?—Yes.

4203. I should be glad if you would illustrate what you know about them?—The main supplies of foodstuffs do not come from Great Britain. Wheat, flour, sugar, and frozen meat all come from other parts of the world.

4204. Still, in the long run, so far as cost of living is concerned, much depends upon the price of wheat?—There are very large shipments of ordinary oilman's stores and provisions from Great Britain. All these goods would be affected by freight conditions.

4205. I am sorry to trouble you with illustrations, but one rather hankers after precision?—Naturally it will be very difficult to select any one particular item and say that a tin of that article, meat or fish or vegetables, or jam, or whatever it might be, would be affected by the rate of freight, but in the aggregate the position is that with keen competition such as we have the saving would come to the consumer.

4206 The Chairman has asked you to consider the possibility of that not going to the consumer, but remaining with the merchant?—Then the country as a whole would benefit.

4207. You mean the whole of the merchants?—No, I think in the aggregate and in the actual working it would come to the consumer. but in any case, looking at the question as to the advantage to the community, if there should be a saving of £100,000 or £500,000 in the freight, then South Africa, as a community, would save that sum. (*Mr. Sellar.*) I can give you here what you desire:—224 cases of sundry groceries; you have here the freight, the landing, the forwarding and the railage, and the total amounts. (*See Appendix XXI.*) We start with the home cost, £360.

4208. This is not to be found in the appendix?—No, we can put it in.

4209. Let us see what it is, "224 cases of sundry "groceries, measuring 807 feet 8 inches, weight 31,000 "pounds, value £360." Then you suppose that consignment to go by Algoa Bay, East London, Durban, and Delagoa Bay, and assuming it to go by Algoa Bay you find the freight to be £32 14s. 5d.; that would be something like 10 per cent. Then you take it by East London, when it would be a little over £40, which would be somewhere about 12 per cent.; by Durban it would be £41, which would be getting on for 13 per cent., and by Delagoa Bay it would be £44, which would be somewhere about 14 per cent. Would you say, Mr. Hosken, that the purchaser of a pound of those groceries would in all probability get something by a reduction of rates?—(*Mr. Hosken.*) Taking the average, he would, but it is difficult to

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select any one particular item. Let us see what a saving of 10*s.* on freight would be.

4210. Take Durban, or Algoa Bay, 31*s.* 3*d.*; East London, 38*s.* 9*d.*; Delagoa Bay, 42*s.* 6*d.*?—Take Durban—at the actual offer made to this Government at 20*s.* as against 40*s.*

4211. Offer for what?—For freight.

4212. General freight?—Yes.

4213. On steamers?—Yes.

4214. Suitable for the conveyance of groceries?—Yes.

4215. Are you making a supposition which accords with the exact terms of that offer?—We can go further——

4216. Supposing we deal with that question for the moment?—That offer was for general freight at 20*s.*, but if we take the Houston offers to the various Governments they were under 20*s.*

4217. That was in rather an exceptional time?—I do not know. Take the American position, where for two or three years the freight did not exceed 20*s.*

4218. Might it not be said that those were war freights?—I think not. We three merchants happen to be in the keenest competition with each other. We do not say we are at war with one another, but that we are in keen competition. I think if we made the estimate at the average rate of freight from New York that obtained for two or three years, we would be within the mark. That comes to 20*s.* If you take Durban, you will see it would reduce the charge from 13 per cent. to 6½ per cent., and that 6½ per cent. would be immediately reflected in the selling price here.

4219. As you candidly say, not necessarily on any particular article?—No, but on the average it would be immediately reflected in the selling price here. A less difference than 6½ per cent. would be immediately felt.

4220. You do not think there would be a strong probability that it would adhere to the pockets of the merchants?—As a merchant, I should hope that some of it would. It would immediately be reflected. If we take it at 10*s.* it would be 3¼ per cent., which would again be reflected.

4221. An item here leads me to put a further question to you. I have here a statement made by a gentleman, whose name is well-known to you, to this effect: "It is now made manifest by Lord Selborne's "despatch what was well-known to merchants and ship-"pers before, that it is to the railway rates the con-"sumer in South Africa has to look for relief and not "to the shipowners in respect of the general freights." Do you agree with that?—I think our railway rates are excessive. The railway rates do not affect the people on the coast, but they do the people inland.

4222. Would you quite agree with the terms of what I have marked with a pencil?—(*Mr. Sellar.*) You must not overlook this important point, that although we pay a high railway rate we would have to pay that rate in some other way, such as income tax.

4223. I am not forgetting that?—(*Mr. Hosken.*) No doubt there is something in it, but it does not appeal to us in South Africa. It is a form of taxation that we as merchants have opposed for years, but we raise revenue from our railway rates, which is, of course, a different matter to a steamship company outside charging us an excessive rate.

4224. I follow that distinction, but still I cannot help noticing in the analyses which you have put in here these items:—Algoa Bay, freight £32 14*s.* 5*d.*, railage £96 10*s.*; East London, £40 freight, £90 railage; Durban, £41 freight, £90 railage; Delagoa Bay, £44 freight, £78 railage?—I will endeavour in a sentence to give a practical illustration. If a merchant likes to debit himself with an excessive charge for internal handling, that affects him and him alone; it does not affect the community at all; so that our position is, that if we like to raise revenue in this way and take money out of one pocket and put it in the Treasury, it is our local and internal affair. Personally, I am strongly opposed to that method of finance, and think it is absolutely wrong, but it does not bear on the question regarding the steamship freights which we pay to someone outside our country altogether, and to a private individual.

4225. I do not want to pursue this matter too far, but still the consumer has, at all events, in the first instance to pay this railway rate?—He has, and we say it is a very bad form of taxation.

4226. Would you say that these railway charges are excessive?—Undoubtedly. (*Mr. Sellar.*) Absolutely. (*Mr. Hosken.*) The amount paid into the revenue every year as profits from the railways show that the amounts are altogether excessive, and the commercial community has constantly opposed that system of taxation. (*Mr. Pistorius.*) There is this point that you must not lose sight of in connection with the matter. If that rail carriage, as Mr. Sellar pointed out to you, was not paid—take a rate of 6*s.* 2*d.* from Port Elizabeth—we should have to add to our Customs revenue, and, therefore, the consumer, whether he paid the excessive rail carriage or whether he paid it in Customs dues, would have to pay the amount because the revenue of the country required it.

4227. In other words, you would say this is not merely to be regarded as railage; it is to be regarded as taxation?—It is taxation.

4228. And as taxation, yielding revenue?—Yes. Supposing the railways carried those goods at actual cost, or 2*s.* less. That 2*s.* would have to be levied in some other manner to raise that revenue.

4229. To bring out your meaning, you would say that of the £32 paid to the Shipping Combination no portion went to revenue?—No.

4230. Of the £96 a considerable proportion went to revenue?—A very considerable portion.

4231. You advocate as the remedy which on the whole you think would be most satisfactory the abolition of the rebate system?—(*Mr. Hosken.*) Yes.

4232. Supposing, Mr. Hosken, that you had that carried out by legislation, are you certain that some of the evils of which you speak would not remain or reappear? Might there not still be a powerful combination which would be able to enforce what rates it pleased even in the case of the abolition of the rebate system?—No, we are not afraid. Whatever risk there is, we would willingly run it for the general advantage. We think that there may be some possibility of a combination, even in spite of the open market.

4233. That is the contingency I am asking you about?—We are convinced that with all the difficulties that may be in front of us the rebate is far greater as a burden than the trouble that we might get from the open market, and why should the open market carry with it such disadvantages?

4234. That is another point which I am not in any way minimising, but I would ask you whether or not in your discussions the Chamber has considered the possibility of a combination almost equally powerful, even if the rebate system did not exist?—Yes. I will now again point out that all previous findings of our local Chamber have been in favour of the entire abolition of rebates without any compromise, and it is only recently that, to meet the views of some members of the Chamber, we have brought forward this modified view, to try and provide for a settled state of affairs. (*Mr. Sellar.*) I should like to supplement what Mr. Hosken has said on this point. To my mind, of course, it makes no difference whether you have a rebate or not as to whether you are going to have a Ring or not. I am convinced that you will have this Ring, but the great difference will be this, that at the end of a certain period—say, six or twelve months—the merchant will be in a position to say, "No, I am "finished with this Conference; I am going to support "Mr. Jones, who is going to start another Line," whereas with the rebates he is not in a position to support Mr. Jones at all; the penalty is too severe.

4235. I see your position, but I am inviting you to look a little further into the matter, and to consider whether or not, in the absence of the deferred rebate, any outsider coming in might be, so to speak, run off the field by rates being undercut?—It is quite possible.

4236. That is a contingency?—Yes, we have to face that. (*Mr. Hosken.*) But the country gets the advantage. If such a freight fight came about, then the manufacturer and purchaser from Great Britain would have the advantage of the cheap rate to supply this market, and we, as consumers, would have the advantage of a cheaper supply.

4237. It is enough if you tell me you have considered that contingency?—We have.

4238. Are you of opinion that the existence of the Combination has in any way affected the form of the bill of lading? Are there any peculiar terms in it?—We inland merchants do not carefully examine the shipping conditions.

4239. I ought to have asked that from someone at the coast?—I get the bill of lading, but as a matter of fact I have never carefully examined it.

4240. You have spoken about shipments from America. Have you had any experience of shipments from America?—Yes.

4241. Can you tell me what you think as to the difference, if any, in point of service between that given by the Conference Lines from the United Kingdom and the service from America?—They are far superior from Great Britain.

4242. In the quality of the vessel?—We have no difficulty regarding the goods coming from America; they come in good order and condition, and as far as that goes I should say there is no difference. The quality of the ship is quite equal to the service required.

4243. In point of time?—It is a slower service.

4244. Could you give me an idea as to how much slower?—Taking my own personal experience of the matter, we are never in a hurry for our American shipments any more than we are for most of our shipments from Great Britain, so we have not watched it closely.

4245. Could you make any calculation as to that?—(*Mr. Pistorius.*) The vessels which have been running from America to this market have been really Conference boats, and therefore, so far as the vessels are concerned, they are quite equal to the vessels carrying cargo from Southampton or Liverpool or any other English port. With regard to the time taken from America, I think there is only a question of a week. They come down by the coast and cut across to Cape Town, and it is only a matter of about five days, I think.

4246. That is your experience?—That is my experience.

4247. Have you considered this aspect of the matter? Supposing you had a settlement of the question, such as is suggested by this document and by many other documents—a difference in the rates to the various ports?—(*Mr. Hosken.*) I am glad you raised that point. I think an open market would serve us well in the Transvaal. We know from experience that most of the steamers go past us to India for back freight, and there is no reason whatever why the freight to Durban or Delagoa Bay should exceed the rate of freight to Cape Town. It is quite evident that steamers going to India can probably better discharge at Durban than at Cape Town.

4248. That is one point I am desirous of asking, but it is not quite the point I put to you, which was this: If there were free competition, and if sometimes an outside tramp, or several tramp vessels, came into Algoa Bay, and sometimes none came into East London, would not these variations affect the prices of conveying the goods by these respective routes?—There would be if these were privately-owned railways and the ordinary railway system, as in Great Britain, obtained, when there would be competition for the freight. But these are State railways, and all the arrangements are under State agreements with the various Colonies of South Africa, and, therefore, the position would not be affected.

4249. The point I am inviting you to look at is this: Suppose goods were coming either from Hamburg or from London—goods to be consigned to Johannesburg. It is indifferent to the two persons whether they come by the one route or the other three routes, provided they come by the cheapest?—Yes.

4250. Will it not be the case that in a free freight market there will sometimes be great variations, so that in one month it may be cheaper to go by one route and another month by a second route?—I think there is very little risk of that. We have found, for instance, things balance themselves readily. For the two or three years we had competitive rates from New York there was no difficulty in any way as to ports. (*Mr. Sellar.*) I think you would find that if we had open competition you would get a rate to Durban almost as cheap as you would get to Cape Town. (*Mr. Hosken.*) I think it would be cheaper if anything. Then it would be of great service to us, because Cape Town is of no service to us for goods as the land haulage is too expensive. We must get our supplies for the Transvaal from the nearer ports, such as Durban, East London, and Delagoa Bay.

4251. You have made clear one point, and it is explained also in your answers with reference to the advantages which German exporters get. Do you know whether or not it is the case that the Conference Lines at Hamburg and various other German ports give advantages to large exporters as compared with small exporters?—I cannot give direct evidence on such a point, but I might mention, as indicating the keenness of the German shipowners to obtain freight, that a company, in which I am interested, formerly had a contract with the German-Australian Line at 15*s.* a ton from Hamburg to Port Elizabeth, which we then used as our port of discharge. They carried it for some years at 15*s.*, called at Port Elizabeth, discharged at 15*s.*, and then went on the voyage to Australia.

4252. You know that it has been stated of late that the rates from the German ports are equalised with rates from the English ports?—In this particular instance they came into the Ring, and they immediately offered to extend our contract for three or five years at the 15*s.* rate. They were so anxious to get the freight.

4253. Is this comparatively recently?—No, it is some years since. (*Mr. Sellar.*) I think what you said, sir, is correct. (*Mr. Hosken.*) I have always looked upon this as some proof that a 15*s.* freight was very attractive to European shipowners.

4254. (*Chairman.*) At that time?—And further evidence since confirms it—contracts with the Governments and municipalities, and whenever open freight conditions present themselves.

4255. (*Sir John Macdonell.*) Mr. Hosken, you have stated that you believe there were small cases of forfeiting rebates?—I think the shipowners have not withheld the rebates. That question referred to whether the receivers of the goods on this side always obtained the rebates.

4256. You do not for a moment suggest that the shipping companies——?—No.

4257. Is it the case that you think some persons entitled to rebates may not have been aware of their rights?—A few private shipments, perhaps—furniture, and so on.

4258. Nowadays that contingency is highly improbable, and may be dismissed as unimportant?—I think it is unimportant.

4259. Then you mentioned in one of your answers cases of paying a penalty for so-called disloyalty in the form of specially quoted freight rates exceeding the rates charged on similar goods to other shippers who had remained loyal. I am not sure that I understand your explanation of that statement. What do you mean by "specially quoted rates"?—As I stated, at that time, when the question was before us, we have no documentary proof, but it is reported to us by merchants that they have been penalised at the discretion of the shipowners. Take the case of those who accepted the Houston contract, for instance.

4260. Are you talking of the time of the freight war?—No, at the present time. The penalty has been continued right up to the present.

4261. Your information comes to this, that at the present time certain firms have quoted against them special rates exceeding the ordinary rates?—Yes, but we have not made any enquiry during the last two or three months. Taking the ordinary rate at 40*s.*, these disloyal shippers have been charged 50*s.*, and I think at one time even up to 80*s.*—double rate.

4262. You speak also, Mr. Hosken, of the contract as a one-sided contract. Your objection, I suppose, is that so far as it is a contract it exists only in certain minutes or circulars. Is that your objection?—No, it is not the form of the contract we object to, but the actual working of it. It is actually one-sided in its working.

4263. Would you not, as a business man, like to see the contract two-sided in its form?—Yes; equal parties to a contract; the shipowner and the shipper.

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4264. If I mistake not, you say that some difficulty has arisen owing to the ambiguous character of the contract. In the so-called contract of 1893, you are of opinion that Clause 4 has not been carried out?—The exact clause I do not remember, but it is set out in detail in the statement given by the London Merchants' Committee. It practically provides for no differentiation.

4265. You think that your view and the view of the Chamber is that Clause 4 has not been carried out?—"In reference to the freedom of merchants in regard "to outside steamers generally it was agreed that in "the event of merchants who confine their shipments "exclusively to the South African Steam Lines show- "ing that competitors have their goods shipped from "and landed at any ports covered by the outward "rebate circular, on lower terms than those paid to "the South African Steam Lines, these Steam Lines will "(whenever they are satisfied the case demands it) "allow such merchants a return of the difference be- "tween the terms on which they have paid to the South "African Steam Lines and the terms on which other "shippers have paid to any outside steamer."

4266. Your view of that was that that meant that the companies would carry all the goods offered to them by the merchants who remained loyal to the agreement at the same terms as were being offered by the competing line of steamers?—That is so. Our complaint under that agreement is that it was intended to meet competition, and to protect loyal shippers against such competition, so that they should not be left at a disadvantage.

4267. And instead of adopting that construction, the Conference Line acted upon the view that, the Houston shipping amounting approximately to only about 20 per cent. on the total tonnage, only an equivalent advantage should be given?—Yes, therefore it put us at a very great disadvantage.

4268. At all events your view is that whether your construction was right or your construction was wrong, that question ought to have been determined by some impartial tribunal?—That is exactly so.

4269. If your construction was right, was it not open to you to have raised your point in a court of law?—Then comes the further difficulty, that those who are parties to this arrangement in London are frequently only agents for the receivers of goods on this side. Who shall bear the cost? It would be a very difficult and expensive action.

4270. The phrase which you have used impels me to ask a further question. Do you regard the South African Merchants' Committee as fully representative of your interests?—That is an extremely difficult question. There is a great divergence as between the Johannesburg Chamber and the London Merchants' Committee.

4271. What is that divergence?—To be quite frank, the Johannesburg Chamber of Commerce passed a definite resolution affirming that the London Merchants' Committee did not represent their interests.

4272. Has that resolution ever been cancelled?—No. There was opposition to it. I am opposed to it personally, because I think the majority of the Chamber carrying that resolution did not fully understand the position.

4273. It was not carried unanimously?—(*Mr. Sellar.*) It was by a large majority.

4274. (*Chairman.*) What is the date of that?—(*Mr. Hosken.*) I think it has in one form or another been carried two or three times.

4275. (*Sir John Macdonell.*) Was any resolution on that subject passed in recent years?—No, not recently. We feel sure, without wishing to make any attack on the London Merchants' Committee, that our interests are not similar. We are consumers in South Africa, and they are simply shippers in London and act as agents for others who are paying the freight. They do not pay the freight. In many instances they are the principals of the merchant firms in South Africa, but taking the great bulk of the shipments, they simply act as agents.

4276. Might I put it this way, that while you recognise they may represent one set of interests, you are not prepared to admit that they represent all interests?—We will say at once that they do not represent the consumers' interests in South Africa, and, therefore, there is that divergence of view between the consumers in South Africa and the merchants in London. We have to pay these charges and carry the burdens, and they have not. They collect these charges from us.

4277. And are paid for collecting?—And are paid for collecting.

4278. You gave my friend your views with respect to the advantages which the Governments and municipalities at the present enjoy. I think you are opposed to them?—Entirely.

4279. Does your opposition extend to advantages affecting articles which practically, under no circumstances, could be got locally?—Yes.

4280. Would you say it would be difficult to name any class of articles which, under certain circumstances, might not be locally supplied?—It is not a question of local supply.

4281. Or local contract?—You mean as merchants. That is not at the bottom of it. Here, we say, that the Government, as representing the whole body of people, is in no different position to the individual shipper, and that the principle that was laid down by Roosevelt, in his Presidential Address, to the effect that there should be no differentiation in rates of freight, either on rail or otherwise, between one shipper and the other, no matter as to volume of shipment—otherwise, the whole trade position would be subverted—we accept, and accept it as regards our State railways.

4282. What you advocate is a strict application to shipping freights of the principle carried out in regard to railways?—Exactly; no differentiation, and public opinion throughout South Africa is with us.

4283. As my friend has pointed out to you, we have had evidence from gentlemen who, going a certain way with you with regard to equality of treatment, say there must be a distinction made in favour of these two classes. Do you think they represent a small section?—I think they represent a very small section of the community. If you had the Governments or the municipalities giving evidence in that way, then I think greater weight could be attached to it, but I think I am safe in saying that neither the municipalities nor the Governments offer any evidence on those lines.

4284. Just revert for a moment to what you have told us regarding the German shipping rates. One point which you make is that goods are, to a large extent at all events, carried by weight from Germany when they are carried from the United Kingdom by measurement?—The Chamber has no proof of this, but it is thought that it is so. We can only say, from certain trade conditions that come about, that that must be the case.

4285. You have mentioned the case of Messrs. Ransomes of Ipswich. As I understand, you read that case as meaning one or other of two things, either that the German railways carry for nothing, or that the German ships carry it at a rate under that at which the English ships carry?—I think that is quite so.

4286. That is your point?—Yes. That it is possible to make cheaper arrangements from Germany than from Great Britain.

4287. I am not sure that I understand your point about the return cargo from South Africa. In the first place there is a comparatively small amount of return cargo?—Yes.

4288. Putting aside gold and wool and mohair and feathers, what else is there?—The bulk is small.

4289. And the value—putting aside gold—is not very great?—No. Our exports, other than gold and diamonds, are small. Copper is taken in cargo lots from the Cape at about 12*s.* 6*d.* a ton, I understand.

4290. I think we may take it for granted that, on the whole, it is comparatively small?—Our return cargo is very small.

4291. Of course, we must also take it that the ship has to get its remuneration out of the round voyage?—Yes.

4292. That circumstance by itself would tend to raise freights, would it not?—Owing to our geographical position it should not, because we are on the way to the great back-freight markets of the world.

4293. Would you mind working that out a little more clearly. You suggest that a vessel is to bring out goods to one of the South African ports; it is then to steam empty to some port in India?—Yes, or to Australia or to South America.

4294. Of course that steaming means money?—Yes. Then if the rate that would be paid as the rate of freight to India was paid by us, surely that should be sufficient.

4295. The vessel is to go to Australia; it has to steam so many thousand miles empty, and to incur a considerable cost in its coal bill alone; it has then to arrive at Sydney. From Australia there are excellent return cargoes?—Yes.

4296. What is this hypothetical vessel to do? Is it to take on board a full cargo of Australian produce?—Is it not evident that if South Africa pays for its cargo the full freight to Australia, it has therefore rendered good service to that ship, or, in the same way, if it pays the full freight to India. Most of the vessels go to India.

4297. I want to see whether the point is clear to your mind. It might be suggested in answer to your observation that at present the vessel goes to Australia and gets a full cargo there, and returns to the United Kingdom or the Continent?—They cannot get a full cargo out to these back freight ports of the world, and we are on the way to India and Australia and South America, and therefore there is all this competition with other Lines to come into the South African market, so that they may reach the objective of India, Australia, or South America.

4298. But they can get a back freight from Australia?—When they get there. We are on the way, and we contend we should not pay a higher rate than is paid to India. To-day we pay about double the rate. Here is an ordinary trade list, from which it will be seen that our rates to South Africa are more to Cape Town or to Durban than to Sydney; therefore we more than pay for the whole journey.

4299. Take Durban and Sydney. Sydney for plates and hoops is 20*s.*, Durban is about 27*s.* 6*d.*?—Why should we pay more than to Sydney?

4300. You have made your point clear. You contend that at the present time there is too much tonnage in the trade?—Undoubtedly.

4301. And a further point, I suppose that you make is that upon that total tonnage the aggregate of consignments has to pay remuneration?—Yes.

4302. Your point, expressed in a different way, is that if there were no more tonnage than would be necessary in order to carry full cargoes both ways, then there would be a smaller amount of capital invested, upon which the freight would have to earn remuneration?—Undoubtedly, and then also the working charges would be very much less. Excessive tonnage is being run to-day, and we are expected to pay for it.

4303. (*Chairman.*) I do not think I got clearly from you your opinion and the opinion of the Chamber as to whether there had actually been a diversion of trade to Germany or to the United States in consequence of lower freights from those two places in the goods in which you deal. I do not ask you about the general figures, but in the goods with which you are acquainted?—When there was cheaper freight from America—much cheaper there for the two or three years—there was a considerable diversion of trade to America.

4304. Has that continued?—It is not so apparent to-day.

4305. Has that diversion continued?—It is not so much in evidence to-day.

4306. Is it in your opinion difficult to take back trade if it has once gone away?—Not so much. Taking the ordinary practice of the buying offices in London, taking freight and every other consideration into account, they settle each individual purchase on its merits, so that, although in manufactured goods, say, blankets or certain lines, when once they are introduced into a market they may hold the market, in ordinary rough goods the cheapest market will carry the line—whatever is cheapest on offer at that time.

4307. There is not very much sentiment in it?—Except that we give a British preference in South Africa. We try to attract British trade.

4308. I am looking at what the merchant does. He cannot live if he goes on getting goods from England if the freight is higher?—Quite so; he finds he is left.

4309. Do you know of any diversion of trade to Germany that still continues?—No. (*Mr. Sellar.*) The shoe and die business, of course, is done from Germany. Whether it is owing to that or not I do not know. (*Mr. Hosken.*) The question of freight at one time materially affected the business in shoes and dies. In the meanwhile the business went to Germany, and they have retained it in that particular instance.

4310. (*Sir John Macdonell.*) At the present time from what country is the greater proportion of your cement obtained?—(*Mr. Pistorius.*) About one-half is supplied from the English market.

4311. At the present time do you ship lead ore to the United Kingdom?—(*Mr. Hosken.*) Yes; not in very large quantities, but there is one fairly large mine now successfully operating, and they are extending their works very much.

4312. At what rate?—I do not know the rate of freight. I know they are complaining about it. (*Mr. Sellar.*) Take tin; there are two tin companies making at the present time between £4,000 and £5,000 profit, so they must have a very large quantity of tin going home.

4313. You do not know the rates?—I do not know the rates, I can find out the information for you. (*Mr. Hosken.*) The railways have endeavoured to meet the position regarding low-grade minerals, and have reduced the rate. (*Mr. Sellar.*) Before finishing, I would like to say that if you are going to do away with the rebates, there should be something in the way of a standing agreement under which aggrieved parties could have the right to appeal on many points, more especially, for example, with regard to rates, which may be regarded as differential in character. You have it in regard to the railways in England.

4314. We have a Railway Commission in England?—Could we not have something in the same way as far as shipping is concerned. For instance, the settlement of the classification, saying what ought to be measured goods and what ought to be weight goods. My opinion is, that if we had a Commission of that kind, and if we could do away with the rebates altogether, the present service is an excellent service. There is no getting away from it. The service is too good for us. We could do with a worse service. If we could only have a uniform and a moderate rate—that is, rates that are approximately equal to what would be secured in fair competition—if we could only secure these four points I have mentioned, I think the public and the merchants of Johannesburg would be very well satisfied. That is my own feelings after a great deal of experience.

4315. (*Chairman.*) Do you think that if you abolished rebates and everybody were free to ship as they liked, there should also be this Court of Arbitration to say what the rates should be?—To a certain extent. Of course, I am taking it for granted we are still going to have these Conference Lines even if you do away with the rebates.

4316. There would not be the power in the Conference, would there?—I am afraid you would not have the same power.

4317. (*Sir John Macdonell.*) Yo do not agree with that?—(*Mr. Hosken.*) No. (*Mr. Pistorius.*) I do not think there is any necessity for it, because where you have an open market the thing would settle itself.

4318. (*Chairman.*) Is there any other point which you want to urge and which we have not touched on this morning?—(*Mr. Hosken.*) I am taking it you are inquiring into the wide question of rebates as affecting Great Britain, not the mere question of how it affects South Africa?

4319. The whole thing. Not only the Conference system in South Africa, but all the different Conference systems. We are here as regards the South African rebate system?—As it affects the general question?

4320. Yes?—And, therefore, I take it as obvious that if you are convinced the rebate system as a whole is disadvantageous to Great Britain and this trade with

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Great Britain, then legislation would provide something on the lines of the Elkins Act, or some other form, as to the proper control of the steamship traffic.

4321. (*Sir John Macdonell.*) I am anxious to see what the nature of the proposed remedy is. Assuming you do not get the rebate system abolished, you have made various suggestions as to what would be a compromise. Among those suggestions is one of the existence of a system of arbitration?—(*Mr. Sellar.*) That meets my point.

4322. Is not that in effect what has been suggested?—(*Mr. Hosken.*) As our alternative. Our statement is against rebates and to have a free and open market.

4323. Your mind is directed for the moment to the alternative. If the alternative existed, would you agree with your friend that there should be some Court of Arbitration?—Undoubtedly. (*Mr. Sellar.*) It is only in the alternative. If then you cannot do away with all the rebates, you should have this Commission to decide these different points.

4324. (*Chairman.*) I thought you suggested we should do away with rebates and at the same time have this Court of Arbitration?—I say, do away with the rebates if possible, but if it cannot be done, that is the suggestion that I put forward.

ELEVENTH DAY.

C.S.A.R. Offices,
Johannesburg,
September 23rd, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. WALTER ELSWORTH PARK, Mr. ROBERT NIVEN, Mr. OTTO LENZ, Mr. ROBERT BLANE, and Mr. ERNEST CHARLES LOWE (*Secretary*), representing the Johannesburg Chamber of Trade, examined.

Mr. W. E. Park. Mr. R. Niven. Mr. O. Lenz. Mr. R. Blane. Mr. E. C. Lowe.

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4325. (*Chairman.*) You appear on behalf of the Johannesburg Chamber of Trade?—(*Mr. Park.*) Yes.

4326. You have been good enough to answer certain questions which have been addressed to you. First, I would ask you what is the Johannesburg Chamber of Trade, and what is the distinction between that body and the Chamber of Commerce?—The bodies are very similar. The Chamber of Trade consists practically entirely of wholesale merchants.

4327. Have you had a special meeting of the Chamber about this question?—Yes.

4328. Did you pass resolutions authorising you to appear to give this evidence?—Yes.

4329. Can you tell me the number present at that meeting?—The Secretary might be able to tell you that.

4330. Can you give us any idea of how many members?—(*The Secretary.*) As far as I recollect about 18 were present.

4331. How many members are there of the Chamber?—65.

4332. 18 were present. Were the resolutions passed unanimously or by a vote of the majority?—(*Mr. Park.*) Unanimously. The answers to the questions have been circulated amongst all of our members, so that had any member wished to be present at that meeting and object, he could have done so.

4333. With regard to the first question, "In what "manner or by means of what documents is the rebate "system, so far as concerns the trade from South "Africa, worked in South Africa," you give us the answer which we have had already about the commission being computed every six months, and you add, "Shippers are required to hand in a statement on "the prescribed form, together with the several bills "of lading, of coastwards shipments despatched east-"wards and westwards from the respective ports during "the six-monthly period." Have you those details?—I think they are attached to our memorandum.

4334. This answer concerns the imports from London and from England, generally?—And coastwise trade as well.

4335. Does that apply both ways, eastwards and westwards?—Yes.

4336. (*Sir John Macdonell.*) Would you make clear what you mean by the words, "Together with the "several bills of lading." You send in the circular formed, signed, stating what your shipments have been?—And attach copies of the bills of lading.

4337. Is that the course of business?—That is the course of business. (*Mr. Niven.*) It is mentioned on the form.

4338. (*Chairman.*) Does this apply through Durban?—(*Mr. Park.*) If it does not signify it in the form I should say not.

4339. With regard to, "Does or does not the mer-"chant in South Africa get the benefit of the rebate—"(*a*) on consignments to South Africa? (*b*) on con-"signments from South Africa?", you answer, that the "Importers do get the benefit on their consignments "to South Africa, but that with regard to consignments

"from South Africa you are unable to reply." I suppose you do not do any export business, do you?—No.

4340. Not even in copper or tin?—No.

4341. With regard to the forfeiture of rebates you say, "In the case of the Prince and Houston Lines of "steamers, firms who shipped by them forfeited their "rebates held by the Conference Lines." Have you any instance of that?—We have heard of many, but I will state my own case, where we lost in round figures about £800 rebates at the time of the Houston competition. We made a contract with the Houston Line and forfeited the rebates that were then standing in our favour which were about £800.

4342. Did you apply to the companies to let you off with a fine, or was there any negotiation?—Our home people applied, but without success.

4343. I suppose you understood, when you made the contract with the Houston, you would forfeit your rebates?—Certainly. We made about £3,000 the first month by doing so.

4344. Then you had a very low rate?—We had the regular Houston rate, the same as all those who regularly contracted with them had.

4345. What was that rate?—The rate from the United Kingdom ports to Cape Town was 17*s.* 6*d.*, and to Algoa Bay; East London, 17*s.* 6*d.*; Durban, 20*s.* 6*d.*; Delagoa Bay, 26*s.* 3*d.*; Beira, 28*s.* 6*d.*; and no primage. We did not have dead-weight, but we had a better allowance than the Conference Lines were giving for heavy weights.

4346. Was that on all classes?—Machinery. It applies to Class 3.

4347. Would it have applied to other classes, or was it not higher or lower according as the classes were higher or lower?—There was a variation in classes, but all classes were very much lower; they were in the same proportion.

4348. With regard to the question, "What objec- "tions, if any, have you (*a*) to the system of Rings or "Conferences, (*b*) to the system of deferred rebates? "Do you consider that these objections outweigh any "advantages which are to be derived from the system "of Rings or Conferences and the system of deferred "rebates?" you say, "They prevent free and healthy "competition, increase the cost of living enormously, "and although an abandonment of rebates and Rings "might create a freight war for a certain period, this "Chamber believes that such abandonment of rebates "and Rings would ultimately result in a great benefit "to the public of South Africa." With regard to increasing the cost of living enormously——?—I think that word is rather ill-advised; I should think we might delete the word "enormously" and say "increase "the cost of living."

4349. Can you give me an instance where it has increased the cost of living?—Every article that is shipped by the Houston Line to-day costs £1 a ton more than it would if shipped by the Houston people under their old contract or in open competition.

4350. Can you give me an instance of an article of common consumption on which £1 a ton would represent an appreciable difference to the consumer?—In building materials, for instance, for building houses—structural steel—£1 a ton would be a man's profit or else lose him the order.

4351. The builder's profit or the merchant's profit?—The merchant's profit.

4352. Let us have a figure. Can you give me a figure for the invoiced value of the goods?—(*Mr. Lenz.*) I offered some building material the other day for £21, and I was offered £20. I could not take it because I do not make a profit of £1 a ton. It was structural iron for batteries. My offer was £21 per ton delivered here.

4353. How much would that influence the cost of the house? What is the difference in the amount that the man would have to pay for that house when it was built?—Of course, there are many things to be taken into consideration. You cannot take that. Naturally it must stand to reason that the cheaper we get our stuff the cheaper we can sell. (*Mr. Park.*) That structural iron would only be one item. There would also be the woodwork—the doors and windows—and the ironmongery that goes into the house, so that altogether——

4354. Would it make a difference of 10 per cent. in the cost of building a house?—I should say the freights in certain cases would make a difference of 5 per cent.

4355. (*Sir John Macdonell.*) You are excluding the railway transport?—Yes.

4356. (*Chairman.*) That makes a difference?—(*Mr. Lenz.*) Then if you pay that that money remains here and we pay taxes out of it.

4357. You cannot tell me anything about the staple articles of consumption, such as Swiss milk or anything of that sort?—(*Mr. Park.*) No, I could not say anything on that. It seems to me the only way these things can be gone into is by taking them in the aggregate. It is not what any one particular individual may lose, but what the country may lose. Take the tonnage that comes into the country, and multiply that by £1 or £1 10*s.*; that money is lost to the country, and does not increase the valuation of buildings, and it is a charge even if it is on tinned milk or anything else.

4358. (*Sir John Macdonell.*) It may be lost either to the consumer or to the merchant?—Yes. (*Mr. Niven.*) Taking milk and assuming there are 2,000 tins of milk to the ton, £1 a ton would make a difference of one-eighth of a penny. Now, if the merchant is not prepared to lose one-eighth of a penny he puts a penny profit on; if it is going to cost him one-eighth of a penny more and he is not prepared to sell it at the same price, he charges the consumer a penny more.

4359. (*Chairman.*) He could not do it by reducing the quality?—The quality is standardised, and the cheaper milk has been purposely excluded by the Customs Convention. They excluded skimmed milk, which is the cheaper milk. In that way it is quite conceivable that a consumer may have to pay a penny more for his milk than he might otherwise have to do.

4360. Competition would not make the loss fall on the merchant or the retailer?—Of course, we understand milk is one of those items of daily consumption on which the retailer has little or no profit. It is generally stated here that milk is an article that is sold as nearly as possible at cost price; it is one of the leading lines. If the retailer decided to charge the consumer more he would charge a penny more for it.

4361. Is there any other article of staple consumption which you can think of which is brought out from England?—The same thing would apply to jams. Practically the same figure would apply there. (*Mr. Park.*) It would apply to cheese.

4362. Most of you have to deal with heavier goods—machinery?—Yes. (*Mr. Blane.*) We supply the mines. (*Mr. Park.*) It increases the cost of their plant; their plant runs into very heavy tonnage.

4363. The value is also very great?—In some cases, but not on such things as structural iron or rails or tanks. I had very heavy orders for tanks, the other day, to the mines, and some of them we got and some of them we did not get; but the variation between the tenders that were accepted in place of ours in some cases and ours in place of others in some cases, was less than 5*s.* a ton.

4364. You say, "Although an abandonment of re- "bates and Rings might create a freight war for a "certain period, this Chamber believes that such "abandonment of rebates and Rings would ultimately "result in a great benefit to the public of South "Africa." What would happen if the rebates were abandoned?—There would be an open freight market, and the best merchant would certainly get an advantage through his organisation. Perhaps, in some cases, he might get lower rates. The ultimate result would be that rates would come down to their proper level.

4365. Would not there be a great disturbance of trade, meanwhile? Would not some merchants get a great advantage over others?—That is very likely, but they do so now under the rebate system. All the merchants are not held by the rebate.

4366. Can you assure me that there are a good many here who are not held by the rebate system?—There are some who are not held—small shippers.

4367. How do they ship?—They ship in the open market, when they get a chance. When they do not, they ship by the Conference Lines, and, perhaps, do not get any rebates because they will not tie themselves

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up. The point I wanted to make was, that the rebate system it is possible may not even protect the man working under the rebates against another man who is working under the rebates, because there are ways of avoiding the breaking of the contract. For instance, supposing I had signed this rebate clause to-day and we wished to break away from it and do business with a steamer coming from New York that was not in the Conference Lines, the people from whom I buy in New York might be told by me "Give me a "c.i.f. price," in which case they give me the goods landed in South Africa, and I do not break my contract.

4368. You can always make a contract c.i.f. or f.o.b.?—Yes.

4369. You think the ultimate result would be of great benefit to the public?—I think so.

4370. Would not you lose your regular service and very frequent sailings?—No, I do not think so. I think that the competition would be just as keen to get the trade as ever it was. I think we should have, perhaps, not quite so many sailings, but we think there are sometimes too many sailings, the ships coming half full.

4371. That is a point that has been brought before us more than once, that the rates might be reduced if there were not so many boats competing with one another?—There is no doubt about it.

4372. Do you get more boats than you want?—We cannot get more boats than we want even if they come every day.

4373. Would it not be an objection in your mind if you had delay in executing your orders; if you had to wait a week?—All merchants would be on the same basis. We would know the sailings. Boats always advertise their sailings some distance ahead, and we would know within a certain period when the boat would sail and make our contracts accordingly.

4374. If you had this competition, would not the business be done rather more in an irregular way? The boats would go on the berth and their sailings would not be so accurately known to a day or two?—(*Mr. Lenz.*) If we had one boat a week, regular sailing, that is quite enough for us. The others cannot fill up. (*Mr. Park.*) I have never known a time when there was no rebate system when we could not find bottoms to take our cargo.

4375. Did you do business before the rebate system?—Yes.

4376. How did your goods come then?—We had no difficulty.

4377. Were there sailing boats used then?—Sometimes. The large cargoes used sailing boats. I have used them the last three or four years ago.

4378. With regard to "Has the effect of the system "of deferred rebates and of the South African Ring "been to divert trade from the United Kingdom to "the United States of America or the Continent of "Europe?", you say, "it has, from the information "which is in possession of the Chamber." Can you give me any instance of that?—Yes. For instance, from New York there have often been open boats sailing, and from England no open boats sailing. We have been obliged, owing to time, to ship under our rebate clause by the Conference Lines, whereas from New York, where there was a 10*s* rate prevailing——

4379. That was in the time of the Prince competition?—Yes, but there are open boats now, and American shippers naturally prefer to buy their goods in America, and they do buy them there where they can, and the freight is enough to make them their profit in such goods as structural iron, rails, and trucks. In very few articles is there a difference in the freight rates from America and the United Kingdom.

4380. (*Sir John Macdonell.*) They have been levelled up, have they not?—In a measure. Owing to competition, recently the Conference Lines have reduced their freights from New York.

4381. (*Chairman.*) What was that?—I will send you a note of it.

4382. (*Sir John Macdonell.*) Upon what articles?—Anything we ship in our line—machinery, and so on.

4383. (*Chairman.*) Where do you get your goods from chiefly?—From England.

4384. Do you get any from Germany?—Practically nothing. I am answering individually now; I am not answering for the other members of the Chamber.

4385. How much from the United States?—I should say 10 per cent. of my materials come from the United States.

4386. About your general trade, have you any annual report of your Chamber of Trade which you might hand to the Secretary?—Yes. (*Handing in document.*)

4387. That, I suppose, gives a good general idea of the trade in the most recent period?—Yes.

4388. You cannot give any very specific instance, can you, of a particular line of goods which would naturally come or used to come from the United Kingdom and now comes from the States?—(*Mr. Lenz.*) Agricultural machinery.

4389. Do you deal in that here?—No.

4390. We have heard a good deal about that in Port Elizabeth and East London?—(*Mr. Niven.*) I do not know that there are any particular instances at the present time, but there have been when the freights were so much below the others. I have had instances in my own business where the difference in freight has amounted to more than the profit on a contract for structural work.

4391. (*Sir John Macdonell.*) That was about 1902?—Yes.

4392. (*Chairman.*) Have you an instance of the business during that period having gone to America and having remained there?—No, I could not say that.

4393. With regard to "Do you consider the rates of "freight (*a*) from the United Kingdom to South Africa, "(*b*) from South Africa to the United Kingdom, to "be excessive?" You do not answer the second part because you are not exporters. You say, with regard to the first, "Yes, they are considered excessive. It is "within the knowledge of the Chamber that ship-"owners on a guaranteed amount of freight were pre-"pared to accept a much lower rate than the Conference "rates." When was that?—(*Mr. Park.*) During last June we had an offer in London from very responsible parties offering to make a contract if we would find merchants whose average shipments for the past six months had amounted to 20,000 tons a month. They would put on a line of steamers and give us regular sailings.

4394. To what port?—Three ports from England and three ports in South Africa; and the rate was to be 20*s.* dead weight, but there was to be a rise for heavy lifts. I have not got those figures here, but I remember that at the time they were about half what the Conference Lines now charge for heavy lifts.

4395. You refer to heavy lifts?—Mr. Blane would perhaps tell you something about the extra cost of heavy lifts.

4396. (*Sir John Macdonell.*) Were these merchants to bind themselves to ship exclusively by this Line?—They were to bind themselves to ship exclusively by the Line, but not to ship a given quantity; they did not bind us to ship 20,000 tons, but if we would go there and say that our shipments had averaged 20,000 tons over the past six months they would take the risk.

4397. Was there to be any penalty in the event of their shipping outside?—No, it would simply be a contract.

4398. (*Chairman.*) Could you give me, either openly or confidentially, the name of the firm?—I cannot.

4399. We have had cases like that where gentlemen have been able to give me the name in writing?—I can assure you that is so and that we attempted to accomplish the object, and we secured verbally the 20,000 tons of freight, and when some of them found they would have to forfeit their rebates they backed out, leaving us four or five thousand tons short of the quantity.

4400. Would this be a bad time to get a large amount of freight?—Of course, business is very quiet. It would be more difficult now than it would be in good times.

4401. The matter fell through?—Yes.

4402. Have you any other reason for considering the rates excessive?—(*Mr. Blane.*) We mention in our report to you, "The representatives of the Chamber

"will direct the attention of the Sub-Commission to the "extra freight charges levied on heavy lifts, weighing "3½ tons and upwards." I may correct that. The "3½" is a misprint, and should read "30s. to Durban "and 32s. 6d. to Delagoa Bay." Two tons is the minimum rate.

4403. What were the figures that you mentioned?—3½. That is a mistake; it should be 2 tons.

4404. You wanted to add something about the rates?—The present rates existing under the new arrangement are:—To Durban 30s., and to Delagoa Bay 32s. 6d., for 2 tons or under 2 tons, weight or measurement; and for every 10 cwt. there is an advance, to Durban, of 5s. up to 5 tons, and over 5 tons, up to 12 tons, 5s. advance per ton instead of per half-ton; so that, taking our rates to Durban at 30s. for 2 tons, by the time we get to 5 tons dead-weight it amounts to 60s., so that I think we are fairly correct in saying that the figures of 30s. and 32s. 6d. per ton—this is on mining machinery, Class 3—I think we are perfectly right in saying that the rates of 30s. and 32s. 6d. to Durban and Delagoa Bay, respectively, do not represent the charge, and I might say it is a myth and misleads the public. I have before me here a tabular form of 11 shipments, which are taken at random, and may be considered as every day or every month's shipments by five different firms of the leading engineering firms here, of what I shall term "Power Plant," consisting of boilers, engines, air compressors, electrical high-speed engines, water-tube boilers, and Lancashire boilers. The rate for Lancashire boilers, for instance, in this one case alone comes to £9 14s. 4½d. per ton of weight—that is irrespective of the measurement—and the rate here appears at 30s. on the list that we have.

4405. Is that an extract from the classification?—These are the rates at present existing.

4406. Who furnished this document?—I have it from my London office.

4407. They got it, I suppose, from the shipping companies?—Yes. Those are ordinary charges on the top; those are Class 3—machinery—rates. That is what I am dealing with now. Those are the lower rates—considerably lower you will see if you compare them. It is about 10s. per ton lower than the ordinary machinery.

4408. Taking Durban, up to 2 tons, ordinary machinery is 37s. 6d., mining machinery 30s.?—Yes.

4409. 12 tons is very heavy—102s. 6d. ordinary, 95s. mining. There is a difference of about 7s. 6d.?—Yes.

4410. You say this list is misleading?—It is misleading. You talk about what is the charge for mining machinery; we are led to understand, according to the papers and according to that list that the charge is 30s. and 32s. 6d., respectively, per ton. The fact remains that we are paying as high as £9 per ton. I have before me the date of shipment, the port of shipment, the description of the machinery, the weight in tons of 2,240 lbs. (which are ship's tons), and the total cost, including the 10 per cent., of each shipment, and the cost taking off the 10 per cent.

4411. You require to take only 5 per cent. off now?—These are the past figures. I am not dealing with the difference of 5 per cent., although that is against us. I am dealing with the past shipments as they appear in our books. We have arrived at the total average of these 11 shipments of £4 19s. 1½d. per ton, dead-weight and measurement. (*See Appendix XII. (a).*)

4412. As against the 30s.?—As against 30s., which the Shipping Ring tries to make the public believe we are getting. It is no such thing; it is a myth. This applies to everything. The result is they are charging us three times above the rates scheduled. This rate of 30s. and 32s. 6d. may be a reasonable rate, but what our Chamber does object to, is the rapid rate in which they increase the price of 5s. per ton per every half-ton until it gets to 5 tons, and after that they kindly say, "All right, we will take 1 ton now at 5s." Our contention is, that this system which is in vogue at present is 60 years old, inasmuch, as those were the systems that the old sailing ships worked on.

4413. Surely you had not this machinery then?—No, but I think they are working on old lines. The sailing ship, in the old days, did not wish to carry heavy machinery, and to avoid that they increased the charge as the weight went up. That is very nice. They had not the appliances to handle it. I say, to-day, that with the appliances the steamship companies have on board it is as easy for them to handle one 5-ton article in one piece, or even a 10-ton article, as it is to handle a sling of candles. They have the machinery there. Why should they charge us such an exorbitant freight?

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4414. It is on the idea that terminal charges are very much increased by these heavy loads—the landing and the embarking?—That is so. I do not know what is in their minds when they levy these charges on the merchants. The fact remains that we have to pay them.

4415. (*Sir John Macdonell.*) Your point is that it is an old scale continued under totally new circumstances?—Yes. (*Mr. Park.*) In the old days they did not have the appliances for lifting. (*Mr. Blane.*) I think there were some reasons for it in the old days when the steamers had to discharge in the open sea into lighters, but now that they can come alongside and discharge a 5-ton piece as easily as they do a 5-cwt. piece I do not see any reason for such exorbitant charges.

4416. (*Chairman.*) I should like to ask you what steps you have taken about these charges which you consider exorbitant?—Individually I have kicked against it every time I have gone home. There is no satisfactory reply, of course. They say, "These are "our rules, and we abide by them."

4417. Have you been to the Merchants' Committee in London?—I have not.

4418. Do any of you belong to that Committee?—(*Mr. Park.*) My London firm do. (*Mr. Niven.*) We are members as a Chamber.

4419. Do you get much advantage from the London Merchants' Committee looking after your interests?—We do make use of them on many occasions. (*Mr. Blane.*) I have not a copy of that statement. I will send you a copy this afternoon.

4420. You have laid these facts before the shipping companies and have failed to get any alteration?—Exactly so. That is how they make the money. (*Mr. Niven.*) I have personally with the Clan Line in Glasgow drawn their attention to the exorbitant charge on Lancashire boilers, which you see there works out at over £9 per ton dead weight. I have on two occasions drawn the attention of the Clan Line in Glasgow to that charge without getting any satisfaction. (*Mr. Blane.*) May I add, taking Lancashire boilers as a case in point, that the cost of shipping that boiler is £290; the price of the boiler at home would be a little over £500, and by the time it gets to Johannesburg, including ships' freights and railway rates, it is more than double the home price. The fact is that the Lancashire boiler is a very good boiler, and many people would use it here, but it is too expensive.

4421. What do they use?—Water-tube boilers, and fire-tube boilers of a less rate.

4422. What is the railway charge from Durban?—5s. 9d. per 100 lbs., or practically £7 per ton, with clearance and forwarding charges. I am speaking of the long ton of 2,240 lbs. (*Mr. Niven.*) It is intermediate rate, the same rate as for machinery, and there is no charge for heavy lifts on the railway.

4423. Do you consider that railway charge a fair charge?—(*Mr. Park.*) No, we are fighting that all the time.

4424. Do they give you the answer that you gave me, that the money you have paid remains in the country?—They say the Government must have revenue, but we do not believe in the railway as a method of taxation.

4425. The argument you used is only applied to a certain point. It does not justify exorbitant charges?—No; any more than any other exorbitant tax would be justified. (*Mr. Lenz.*) We do not see why we inland should pay two taxes while the people at the coast pay only one. (*Mr. Blane.*) The rate of 32s. 6d. seems a reasonable one, and compared with other freights on paper it looks as if they were doing right by us, but when you take those figures it is quite a different thing, and I think the crux of the whole question is the rapid way in which they increase mining machinery at per ton; at 5s. per half ton up to five tons, and then 5s. per ton after that. I am quite frank about it

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when I say that the 30*s.* and 32*s.* 6*d.* rate is misleading. It is not a rate.

4426. You have never proposed to charter ships?—No, I personally have not. (*Mr. Park.*) I have done so. I have chartered ships.

4427. What has been the result?—A great saving. An enormous saving. Before the Houston competition we had the privilege of chartering sailing vessels, and we had got a rate out here of 17*s.*, when we paid the Conference 30*s.* odd.

4428. (*Sir John Macdonell.*) Have your favourable terms been continued—the favourable terms which you got from the Houston Line?—No; immediately the Houston Line went into the Conference they raised their rates to everybody else, but carried out their contract with us under considerable protest, and raised all sorts of small charges which they had never referred to before while they were an independent Line. On the general question of the whole thing being excessive, here is a comparison of the shipments made in the Houston and the Conference Lines. There are two similar orders shipped here in one lot; number 9,874 and number 9,875. Under the Conference Line, including 10 per cent. primage, we paid £3,115 freight, which figures out at £3 6*s.* per ton. Under the Houston contract the same goods cost us £1,831, as compared with £3,000.

4429. (*Chairman.*) Of course, you recognise that it was a war rate?—No, indeed. We have had, as I say, firm offers made to ship for £1, dead-weight, to three ports; and a £1, dead weight, would mean a difference of, in many cases, between £1 and £3.

4430. Of course, we attach importance to the Houston rates, but we are bound to regard them as fighting rates. If they are confirmed by what you state now about having contracts offered for a certain time at rates about as low, that is also considerable evidence?—We had that firm offer. (*Mr. Lenz.*) Would not that show that they can make a profit at lower rates.

4431. People offering war rates do not always look for profits?—We say it is not a war rate. They are quite content, and can make a good profit out of it. (*Mr. Park.*) A war rate would be 10*s.* There were lots of goods carried at 10*s.* during the time of the freight war.

4432. Are there any of these contracts still subsisting?—Not to my knowledge. I should say not.

4433. I thought that might be referred to in the next question where you say as regards preferences, "Yes, the Chamber is aware of preferences in rates "being granted." I thought that might refer to rates surviving from the time of the Houston competition? I, personally, have had quotations given to me from New York, and I refused them as they were too high. They were f.o.b. quotations. The sellers in the States have written to me and have said, "We "would like to amend our quotation; we will give "you a c.i.f. quotation." They have given me a c.i.f. quotation, and we were able to accept their offer.

4434. Is that for American goods?—Yes. I know the cost of the goods would not be lowered to the extent to which they are apparently lowered.

4435. (*Sir John Macdonell.*) Could you give us some particulars of such instances without mentioning names?—Rails and oils. We had an offer of that kind on candles.

4436. The sellers being in some inland part of the United States?—Yes. Not always. Sometimes at the coast; New York and Boston; and candles were from St. Louis, that is inland. I do not think that has anything to do with the railway. When we have had those two quotations we have deducted one from the other, and the difference must be the freight.

4437. (*Chairman.*) That does not mean a preference from the Conference boats?—Yes, shipped by the Conference Lines from New York.

4438. You do not know of preferences in the rates from the United Kingdom?—Only those that we have quoted and those quoted by the Chamber of Commerce.

4439. De Beers, and Stewarts, and Lloyds?—Yes; municipalities and railways.

4440. The Governments have had lower rates?—Yes.

4441. Do you object to that?—As merchants we cannot but object. We are carrying on business in the country and paying taxes,

4442. We have had it in evidence from several witnesses that they do not object as long as these goods are goods that are not stocked by merchants here. They do not object to such things as rails for railways?—We do stock rails here very heavily. (*Mr. Niven.*) I think merchants here generally object to the Railway Administration or the Governments having those preferential rates because it entirely precludes them from tendering. Instances have arisen—for instance, workshops; there was recently an order for Pretoria in which there was 1,000 tons of structural steel work required. Many of the members of the Chamber of Trade deal directly in that class of goods, but it is no use their attempting to tender in a case of that kind because the difference in freight would be more than any profit we might hope to have on such a transaction.

4443. (*Sir John Macdonell.*) You deal in fencing wire, which is extensively used by the Government?—Yes, that is another case in point. We cannot compete. We cannot tender; although an opportunity is sometimes given of tendering for Government supplies, as a general rule, the merchant here cannot compete with the prices which are obtained owing to the lower rate of freight.

4444. (*Chairman.*) It has been stated both here and in England that in some cases it has been known that there is a kind of Ring among merchants when the Government wants a certain amount of fencing wire, or rails, or anything else, that the merchants do not tender below a certain price?—That Ring does not exist here. I think we can safely say that. (*Mr. Lenz.*) They call for tenders at home, too, so we could not do anything like that here. (*Mr. Niven.*) It may be among the wire manufacturers at home that there is a Ring of their own when a Government contract comes out.

4445. It is very curious that all the tenders are sometimes much about the same and not below a certain figure. In that case most people will admit the Government have a perfect right to import themselves or make their own arrangements?—I may safely say that such arrangements do not exist here.

4446. You think the competition would be keen and would prevent any such Ring?—Yes. (*Mr. Lenz.*) They always call for tenders at home, too, so if the prices would be much cheaper at home they would buy at home.

4447. Would what you say apply to Municipal expenditure?—(*Mr. Park.*) We have known the railways, municipalities, and Governments do all the buying, and when they find they are overstocked they will put their goods on to the market.

4448. (*Sir John Macdonell.*) We were told that such cases were exceedingly rare. Would you say so?—It may be at the present moment, but a year or two ago they were quite frequent. (*Mr. Niven.*) There was a great deal of it took place both with the railway and the Repatriation Department. There were sales of surplus repatriation stock for months in Johannesburg at prices at which the merchants were quite unable to compete.

4449. (*Chairman.*) Were those of goods which had been recently purchased?—Yes.

4450. You do not mean they were purchased with a view to re-selling?—No; far from it. (*Mr. Park.*) Bad buying, I should say. (*Mr. Blane.*) Snow ploughs were offered to us. (*Mr. Park.*) We have had one snowstorm in 10 years, about 1 inch deep. (*Mr. Blane.*) Before leaving Question 6, I might add to back up my figures here that I have had a conversation with several of the consulting mechanical engineers of the various mining houses here, and they have informed me that in making up their estimates for the equipment of a new mine, which includes machinery, &c., they figure on an average of £3 10*s.* per shipping ton right throughout on their figures. That is the basis they work on.

4451. Per long ton?—No, per short ton of 2,000 pounds.

4452. Is that your common ton?—Yes. When this is put before the shipping people they say, "Yes, these "are special cases," and heavy lifts are pointed out.

4453. (*Sir John Macdonell.*) The average is higher than that which you state?—It is higher. When you come to reducing plant, cyanide tanks, and such like, then they come at a reasonable rate, but taking the

whole plant into consideration the consulting engineers figure at £3 10s. on ocean freight.

4454. (*Chairman.*) With regard to chartering, I think I have asked you. You say it would not be practicable to combine to charter tonnage?—(*Mr. Park.*) No.

4455. Then we come to the important question about the remedy. What remedy do you suggest?—(*Mr. Park.*) As we state there very concisely, the remedy is to make the rebate system illegal; whether it is not possible to have an Act here like the Elkins Act, I could not say.

4456. Do you remember the Conference in London about a year and a half ago, when the different Colonial Governments went over to meet the shipowners?—Yes, Mr. Solomon represented this Chamber.

4457. A proposal was then made by the South African Governments by which your rates would have been considerably reduced, but there would have been a contract between the Governments and the shipping companies, keeping the system of rebates, but with certain safeguards—arbitration, and so on?—I do not remember the details.

4458. If you do not remember the details it is not much use discussing them. Would you object to anything of that sort, which provided to retain the rebate system, but with certain safeguards?—I think the rebate system is a pernicious one. I do not think any merchant wants to have his hands tied in any way. I cannot see what benefit it is to have his hands tied. Supposing the rebate system was continued and they reduced their freights to 25s. a ton, which is a considerable reduction, and made reductions in these heavy rates, still there is the proposition we have before us of an open rate of £1 dead weight, and I am sure they will not come down to a rate like that. If the Conference would come down to a rate of £1 dead weight, then I should say let the rebate system go on, because I believe that is getting down to a point where there is a reasonable profit in it and no more.

4459. Of course you recognise that at the present time expenses are very heavy and coal is very dear?—Then how can they afford to run boats half full?

4460. That is one of your remedies, that you would run the boats full?—Yes, lay up half the boats. Why they should keep on double staffs—twice the number of men necessary—we cannot see, but we realise that if they do do it we must pay for it. (*Mr. Niven.*) I think that a great deal of the objection to the rebate system has been, not so much to the system itself, as to the unfair way in which it is worked—the one-sided manner in which it has been worked.

4461. You have had no voice about these rates?—None whatever.

4462. You do not get any redress?—None whatever.

4463. You do not personally object so much to the rebate system in principle if it were fairly worked?—My personal view is, that I have not a serious objection to the system as a system, provided it was on a fairer basis than at present.

4464. One of the things that we came out to enquire into was this, that there did not seem to be such very strong objections taken in London by the Merchants' Committee, &c., to the system as we were led to understand was the case in South Africa, and we wanted to find out why it was that the feeling here was so much stronger than in London?—(*Mr. Park.*) Is it not possible that those merchants who are close to the shipping people may have some of those secret rebates that we know nothing about.

4465. You think you do not get them all?—I think we do not get them all, and I think it is very easy to circumvent a thing of that kind if a man happens to be in the right position to do it. For a strong, heavy shipper, I feel sure it would be possible.

4466. You have given us to-day some strong examples of high rates—higher than anything we have had since we landed, and I suppose you regard that as a serious thing for your great industry here?—A very serious thing for the mining industry. (*Mr. Blane.*) That, to my mind, is the crux of the whole thing, and the only complaint, as far as I am concerned.

4467. You look upon that as much more important than the other high rates on staple commodities?—(*Mr. Lenz.*) Of course, the general public benefits far more by the other things. We could not say that.

4468. You represent the wholesale people?—Yes. (*Mr. Niven.*) More mining machinery than anything else.

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4469. We are going to have the Chamber of Mines to give evidence?—I think that the consensus of opinion in our Chamber is this, that members would prefer an open market to a Ring, but if it is considered that the latter is in the best interests of the country, they require a certain modification of the existing system of rebates and certain control. (*Mr. Park.*) If possible, certain Governmental control.

4470. (*Sir John Macdonell.*) Mr. Park, your Chamber, as I understand, represents the great body of large importers?—Yes.

4470A. Is there any considerable section of importers that is not represented by you?—(*Mr. Lenz.*) There are some in the Chamber of Commerce, of course. (*Mr. Park.*) There are quite a good many large importers that are not represented by our Chamber.

4471. Taking the two Chambers, the Chamber of Commerce and the Chamber of Trade, should you say that they represented practically the whole body of opinion of importers?—Yes.

4472. We have found, at certain ports that we have visited, a certain body of opinion, either large or small, favourable to the rebate system—chiefly exporters. Is there any such feeling in Johannesburg?—I have never found it so.

4473. Could you explain, assuming what I have stated to be correct, what the reason is for that feeling (whether it is large or small I am not saying)—the difference of feeling here?—The people who feel that way, perhaps, have some interest in the shipping companies, or are influenced by them.

4474. That would be your suggestion?—That might be the case.

4475. You have called attention to the large amount of freight that is paid upon the power machinery of the mines?—Yes.

4476. Might I take it that, on the whole, the tendency for that machinery is to increase in weight?—In the future?

4477. Supposing you were to think over what were the weights of these various engines during your experience in, say, the last 10 years, would you find a tendency on the part of these boilers and engines to increase in weight?—Decidedly.

4478. So that you would say the effect of this scale, which you have explained, is to increase the freight as compared with 10 years ago?—(*Mr. Blane.*) It has done so—the very fact that the machinery is 400 per cent. heavier than it used to be 10 years ago, generally speaking——

4479. As far as you can form an estimate, is the tendency of the weight of the power machinery likely to be towards an increase?—I think we have got to about a limit. (*Mr. Lenz.*) I do not think so. I think it will be larger. We have had big enquiries now for dynamos and so on; I am getting enquiries for 1,500 kilo-watts instead of 1,000 kilo-watts. The tendency is for larger units. (*Mr. Park.*) I think that is correct.

4480. That is so far as the power machinery of the mines is concerned. Thinking of the stamps and dies and the various appurtenances of the batteries, is the effect of this scale appreciable on the freight of them?—(*Mr. Blane.*) To a certain extent, but not in the same proportion as it was 10 years ago.

4481. At all events, the effect, to a certain extent, is to increase the freight. Would you say that the tendency on the whole of the weight of that kind of machinery—stamps and dies and the various appurtenances of the batteries—is to increase in weight?—I should say, yes, in proportion.

4482. Dealing now solely with the stamps and dies and the batteries, would you say that the tendency for their weight is to increase?—I should say so—yes.

4483. And that this scale will affect, therefore, not merely the power machinery but will affect this other class of machinery?—In some proportion. (*Mr. Park.*) The falling weight of the stamp in the last few years has increased during the last few years from 1,200 lbs. to 1,750 lbs., but the freight would not apply to this. To other parts of the battery the increase would apply.

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Mortar boxes used to be 5,000 lbs. in weight; now they are 10,000 lbs. They are putting anvil blocks now, and those anvil blocks weigh 14 tons. (*Mr. Niven.*) And the rate of freight on them is £5 15*s.* a ton. It is simply a straight block of iron; one block about the size of this table, weighing 14 tons, and the rate is £5 15*s.*

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4484. Would it be possible, without inconvenience, for you to furnish us with a statement as regards the class of machinery of which we are now speaking, somewhat similar to this?—(*Mr. Blane.*) That is what we shall term, for the sake of convenience, the reducing plant—yes.

4485. You say in your answers that the effect of these rates has been to increase the cost of living, and you agree that the word "enormously" ought to be modified. May I take it that, for the purpose of a great number of businesses in Johannesburg, next to cheap labour, cheap transport is essential?—(*Mr. Park.*) It is one of the most important factors.

4486. You gave my friend some examples with respect to food—milk, for instance. Dealing with foodstuffs, are there any other examples of cases in which you think the freight affects the price?—It affects all imported foods—jams and cheese, for instance.

4487. May I take it that, in regard to the retail business here, there is, on the whole, an indisposition on the part of the retailer to deal in pennies or parts of a penny; is that so?—I cannot say that.

4488. Take another article or group of articles which would affect the cost of living—clothing. Is there any reason to believe that the price of freight affects that?—It must, as an imported article. (*Mr. Lenz.*) A little. Anything where the weight is very small compared with the value it will not affect so much.

4489. The value being so great, the freight would count for comparatively little there. The point on which I think you laid stress was building material. You mentioned structural iron. Would you take cement, for example?—(*Mr. Park.*) Imported cement, doors, windows, galvanised iron, all the timber, and the ironmongery.

4490. Can you give some illustrations of building materials, the price of which has been affected by freight?—(*Mr. Lenz.*) Take Eckstein's building, for example.

4491. Are you able to give definite prices?—No. (*Mr. Blane.*) Everything that is put into the buildings here, with the exception of the bricks and the foundations, has to be imported.

4492. What I am anxious to ascertain is, whether this enhancement of prices affects the person who ultimately lives in the house. If you tell me that you have a general opinion, and only that, upon the subject, I will pass on?—(*Mr. Lenz.*) Other things affect that. Many people have gone away now and will let their houses at any price they can. It is not only the building material that affects the price of rent.

4493. At present, you are not prepared to go into details?—No. (*Mr. Blane.*) I think the Chambers of Commerce could give you all the information with regard to that.

4494. Of course, I am speaking of the enhancement of price. You would have to be careful to distinguish the effect of the railway rates from the effect of the ocean transport. May I take it that, in your view, the railway rates for the material which you are now speaking of are not merely high, but exceptionally high?—(*Mr. Park.*) We believe they are exorbitantly high.

4495. It is urged on behalf of the shipping conference that they furnish regularity of shipment and regularity of arrival. In the class of goods with which you have particularly to do is that of prime consequence?—In some cases where the goods are sold for import, as they are in many cases, under a forfeiture clause. If they do not arrive in time we have to pay so much per cent. per week. In the large part of our goods it makes no difference—that is, for stock goods.

4496. To what class of goods would the forfeiture clause be chiefly applicable?—Everything to do with the mines—machinery, engines, boilers, cyanide tanks, oils, and so on.

4497. The common type of contract is one according to which you are to put the articles on the ground within, say, two months or three months, as the case may be, and then a penalty clause of so much per day or per week in the event of non-arrival?—Yes.

4498. In regard to that class of goods it is of great importance that you should have regularity of shipment and regularity of arrival?—Not within a few days, because we can always find out a reasonable enough time ahead, when the boats are going to sail. Many of the goods we sell under forfeiture are for 8, 10, and 12 months' delivery.

4499. As much as that?—As much as that. (*Mr. Niven.*) There is the other point, which we point out in regard to the questions which came from London. The answer was, "It may be admitted that one beneficial result of the Combination of Shipping Companies has been the more or less regular sailings of the steamers as arranged for in the contract of 1893. This advantage to South African importers is, however, more apparent than real in so far as the cargo steamers are concerned. The fact that the mail steamers must leave on specified dates obviates the possibility of merchants requiring urgent consignments being inconvenienced." If a certain shipment was required particularly on a given date a merchant has always the opportunity of shipping it by mail steamer at a slightly higher rate.

4500. As a matter of business he would not ship the heavy weights that we are speaking of if he could avoid it by mail steamer?—(*Mr. Park.*) No. (*Mr. Lenz.*) The rate of the mail boats would have to come down, too.

4501. We will not go into that for the moment. As I understand, this forfeiture clause as a rule comes into effect only after several months?—(*Mr. Park.*) Only after several months. I might add that we have shipped a whole engine by mail boat. (*Mr. Lenz.*) So have I.

4502. Was that by reason of some unusual forfeiture clause?—(*Mr. Park.*) A highly exceptional case.

4503. You have had to consider, I suppose, from time to time the question of the classification of goods?—Yes, we have.

4504. What would you say in regard to that?—We never know just what the Conference Lines will do. We have applied to them again and again for a classification, and we cannot obtain it. We go down on a certain day and ask for a rate, and they generally give us a rate, but they will not give us a firm classification, as a railway company would do or as we have got from other steamship lines.

4505. If it were urged as an excuse for there not being a classification accessible to everyone that changes were taking place from day to day, would you consider that a reasonable excuse?—No legitimate answer. Changes take place from day to day in railway classifications of which we are promptly notified.

4506. In your view, there ought to be a classification, reasonably complete, published, and if modified from time to time, due notice given of the modification?—That, in fact, is the opinion of our Chamber.

4507. Does this absence of classification ever lead to serious practical inconvenience?—Where we have to quote sometimes a long time ahead, before we obtain the order there might be a change of classification. It certainly occasions grave doubts in our minds sometimes whether we are going to make, more or less, or lose on an order when the classification is suddenly changed.

4508. Have you known instances of a change having been made where the acceptance of an order has turned out to be unsatisfactory by reason of the change?—Personally, I cannot say that I have. There is the possibility.

4509. I should like a little more information, if you can give it, about these American cases in which, having asked for a f.o.b. quotation the particular supplier has furnished you with a c.i.f. quotation. You suggest there may be some arrangement by which ships get really less than the quoted price?—Yes.

4510. Have you reason to think that that prevails to any large extent?—Yes, I believe it does.

4511. Do you know whether the classification, if any, which exists between New York and South Africa is substantially the same as the classification which exists between the United Kingdom and South Africa?—Substantially the same.

4512. For anything you know, there may be slight differences?—We do not know their classification at all, except in individual cases. We cannot say much about it.

4513. You gave my friend some notion of what your remedy was to be. Your remedy, as I understand, is, generally, the abolition of the deferred rebate system?—Yes.

4514. Of course, to carry that out one must go a little into details. What do you mean exactly by abolition?—I mean, have no deferred rebates.

4515. Supposing that some shipper chooses to send his goods upon the existing terms and that the shipowner accepts them, what is the law to be under those circumstances?—That remains for the law-makers to say. I should not attempt to frame one.

4516. If I may be allowed to say so, that is a prudent answer, but, perhaps, I may be permitted to add, a somewhat evasive answer. I really want your assistance here?—The methods of making rebates illegal are quite beyond me to suggest; I would like to.

4517. Take this case. Supposing that a law were passed in South Africa declaring rebates illegal, either in the sense that those who are parties to them should be subject to a fine or in another sense, that the shipping companies should not be allowed to retain them; supposing that law were passed in South Africa, would the arrangement be satisfactory if there were no such law in the United Kingdom?—No, because the contracts would be made by the shipping companies in the United Kingdom, as has been evidenced by that attempted case in New York.

4518. When you say, rebates should be abolished, you mean legislation should be passed, not merely in South Africa, but in the United Kingdom?—That is my idea.

4519. Supposing that there were no such legislation in Germany or in Portugal, and that the rebate system was legal in Hamburg and Breman, and was also legal at Delagoa Bay, would the result which you have in view be attained?—It is such a big question that it is very difficult to find an answer to it. That I admit. It seems to me there might be some way of accomplishing it.

4520. What I am coming to is this: Has your Chamber, or any Committee of your Chamber, considered the ways and means by which you could give effect to the principle that rebates are to be declared illegal?—We have not considered ways and means. We make our suggestions, and then we want to find out if it is possible to accomplish them afterwards.

4521. That is a very intelligible position. You, as I understand, are prepared, on the whole, to accept the open freight market with its inconveniences if it has any?—Yes.

4522. Of course, it is a matter of speculation as to what will be the state of things under that open freight market?—That is a fact; but it is no speculation as to what it is under the rebate. We know that the Ring has got us as merchants.

4523. I asked one gentleman in Durban whether it would not be a leap in the dark, and he told me he would be prepared to make the leap in the dark. Would that be your answer?—Yes. I quite agree with that.

4524. You are quite prepared for the contingency of freights moving up and down and, it may be, moving up and down very frequently?—Yes. I have shipped all over the world under an open freight and I have never had any difficulty.

4525. What time are you speaking of?—I am speaking of 27 years ago.

4526. Of course, the conditions to-day are somewhat different?—Well, there are still open freight markets to other parts of the world.

4527. Inasmuch as you make, as I understand, a considerable number of contracts for periods far ahead, might not these fluctuations in freights be a serious inconvenience to you?—They never have been.

4528. You mean 27 years ago they were not?—Even recently they have not been.

4529. When you say recently, what time do you refer to?—Within the last few years. Rates fluctuate to different parts of the world, and we are making contracts for long deliveries to South America, Mexico, and Canada.

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4530. You think there will be no serious inconvenience by reason of these fluctuations?—I think not in our lines of business. The larger merchants, of course, will take advantage when freight is very low and stock up.

4531. That is a point I would ask you to consider. Of course, under this open freight market the big shipper would have an advantage over the small shipper?—Yes, I think you might say so. A big manufacturer does have an advantage all over the world, the same as in buying.

4532. You think that one of the certain effects of the open freight market would be to give the large shipper a distinct advantage over the small one?—It would have a tendency to give him an advantage.

4533. You referred to manufacturers. Of course the advantage there is sometimes very distinct?—Sometimes, and sometimes it is a distinct disadvantage; one would balance the other. I think in the long run the larger manufacturer would have a slight advantage.

4534. At the present time they have none. I am not now talking of special contracts, such as Wernher Beit, and Stewarts & Lloyds. Putting them aside, it is the case that the shipper of the small consignment is exactly on the same footing as the shipper of the large consignment?—If he has signed the agreement, yes.

4535. So that under the state of things which you recommend there will be a distinct change, and a change unfavourable to the small shipper?—It will have to be that way.

4536. Will you kindly assist me in regard to this point? Assuming that your wishes were carried out and the rebate system were abolished, might not there be immediately or in a short time a combination composed of much the same members as the present Conference and almost equally powerful?—It is a possibility. Under the arrangement we had offered us in London there was not any possibility of that Line going in, because that was part of the contract.

4537. In that case, as I understand, the parties to the contract were this shipping firm on the one hand and a number of merchant importers who bound themselves to ship exclusively by this firm?—Yes.

4538. I am putting to you a contingency of a shipping combination, not dependent upon the deferred rebate, but almost equally powerful. Is not that possible?—It is possible.

4539. That leads me to ask you whether or not you have in your mind something different from and additional to the abolition of deferred rebates—some form of control?—I think the form of control would be the open ships. The steamers which belong to no line would be offering to take freights.

4540. In one sense that might be called a control, but in another and the most obvious sense it is no control. Can you think of any other control than that, exercised by some tribunal or Commission, or Traffic Board, or has this point been considered by you?—I think the shipping matter would regulate itself if it were not for the deferred rebate. I think, taking your illustration that a powerful combination came forward if there were no deferred rebates, you would ship by the line that gave the best service or the lower freight.

4541. Perhaps I have not put my question very clearly. I am asking you to consider whether the present members of the Conference, being in possession of the field and in touch with their present customers, would not be able to form a combination without the deferred rebate system, almost as powerful as the present?—(*Mr. Niven.*) If there were not the deferred rebates and such a combination did exist, there is nothing to prevent outside boats coming in and by competition keeping their rates at a reasonable level. They would not have, to my mind, the same influence in such a case as they have to-day, where they have the shippers bound hand and foot.

4542. It might be, of course, suggested that this combination by under-cutting rates for a short time would drive out of the field any firm or number of

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firms that tried to come in. Have you considered that contingency?—We have not.

4543. You have in your view, as my friend suggests to me, the possibility or the probability of tramp steamers coming on from time to time if they saw the chance of getting the cargo?—Yes. At the present time merchants are not free to avail themselves of any such freight.

4544. Quite so. Your Chamber, I understand, is totally against any discrimination as regards freights in favour either of Governments or municipalities?—(*Mr. Park.*) Yes. (*Mr. Niven.*) Quite.

4545. Might I ask whether, in your view, the better terms given to the municipalities and the Governments is not a sort of artificial buttress to the continuance of the rebate system?—(*Mr. Park.*) I do not know that I quite understand you.

4546. Two classes of customers, and those very important, namely, Governments and municipalities, getting exceptionally good terms, may one not say that these two classes of customers are, so to speak, propitiated and likely to be more favourable to the system than they would be if they were on equal terms?—Yes, quite so.

4547. You speak of a rate as regards 20*s.* a ton from New York, and you speak of that as being a profitable rate. Of course that is not a matter of which you can speak with much confidence?—20*s.* a ton both from New York and England. My only confidence that it is a payable rate is that a body of men experienced in shipping are willing to put on a fleet of steamers and bind themselves for 10 years.

4548. Of course, that ended in a proposal. It was never carried into effect?—No.

4549. And whether or not, having got possession of the field, they would have continued at 20*s.* a ton, is a matter of speculation. How long was this contract to last?—It was to last for 10 years. It was suggested by somebody the other day, in discussing this proposed agreement, that if such a thing had occurred the Conference Lines might have come in and cut the rate to 15*s.*, to the disadvantage of those who had taken the 20*s.* rate. We did not think that was likely to occur, because we were bound to ship by these people if the Conference Lines went down to 10*s.* or 5*s.*; so that by cutting they would not get our freight. They might hurt us a little for a while, but we did not think they would be liable to cut to the extent of hurting themselve, just to spite us, when there was no hope of getting us back.

4550. I would like a little elucidation of one point. In your view, at the present time, there is an excessive amount of tonnage in proportion to the trade both from the United Kingdom to South Africa and from South Africa to the United Kingdom?—Yes.

4551. I suppose you would say that the excessive rate may be attributable, in part at all events, to the fact that freights have to pay interest upon the excessive capital invested?—That is reasonable to suppose, I think.

4552. While that is your opinion you have not examined the matter very closely, have you?—I have spoken to some of the shipping men about it, and they say, "We are not getting our boats half full." They admit themselves that is why they are charging a high rate.

4553. We have been told there is not the homeward cargo for them to get?—They are coming out half full.

4554. You are clear in your mind that, assuming the rebate system is abolished, there should be no control exercised by Government or by any Traffic Board, or otherwise over the rates?—I do not say there should be no control if it were possible, but, of course, it would be better to make the control that one ship should not take a cargo cheaper for "A" than for "B."

4555. The question of how that should be carried out you have never considered?—It appears to be a somewhat difficult problem, but not impossible of accomplishment.

4556. Has the Chamber ever discussed this question?—Not the method of control.

4557. (*Chairman.*) I have only one or two supplementary questions. With regard to the recent changes made by the Conference Lines—there was one of a reduction of 2*s.* 6*d.* to Durban—do you take any interest in such changes between port and port?—Very little, because in my particular case, individually, most of my shipments go through Delagoa Bay.

4558. Why do they go through Delagoa Bay?—Because at one time I wanted to locate in Durban, and they would not give any facilities, and Delagoa Bay was ready to give me port facilities and land, so I went to Delagoa Bay.

4559. So that you are mostly concerned in shipments through Delagoa Bay?—Yes.

4560 You take very little interest in the questions of the rates between Port Elizabeth and East London and Durban?—Local rates—very little. We use all the ports for different parts of the country.

4561. Do you object to all Rings?—We object on principle to all monopolies.

4562. Have you any Rings here?—Not that I know of. (*Mr. Niven.*) There may be a Meat Ring. I do not know.

4563. You are not aware of any?—(*Mr. Park.*) I am not aware of any.

4564. There is no legislation against it here?—Not that I am aware of.

4565. Should you be prepared to extend any legislation against the Conference of Shipping to other Rings?—Certainly.

4566. Are there any points which we have not brought out which you would like to urge?—No, I do not think so.

4567. (*Sir John Macdonell.*) There are two other questions which I have to put. Do you find the service from New York and other American ports to South Africa on the whole regular?—Yes.

4568. As compared with the service from the United Kingdom?—Yes.

4569. Are there any material differences in point of irregularity?—There is no particular difference that comes to our attention forcibly enough to annoy us in any way. (*Mr. Niven.*) The sailings are less frequent, of course. (*Mr. Park.*) I think they are about fortnightly.

4570. They are less frequent, but, on the whole, do they arrive with regularity?—Yes. (*Mr. Niven.*) There is one objection, and that is, that the steamers from America call at every port, beginning at Cape Town, and if you happen to ship viâ Delagoa Bay or Durban it sometimes takes three or four weeks before that boat is round at the port of discharge. I have found that difference.

4571. You have found that difference between those steamers and the steamers coming from the United Kingdom?—Coming from the United Kingdom you can ship by a steamer which calls at Durban first, then Delagoa Bay, taking cargo only for those two ports, or Cape Town, Port Elizabeth, East London; but as most of our shipments, especially the heavier goods, come either viâ Delagoa Bay or Durban it is a disadvantage when a boat calls at every Cape port first, from the point of view of time. (*Mr. Park.*) These are Conference boats from New York, of course.

4572. I am aware of that. Just one other question. You spoke of forfeiture of rebates in your case some years ago. Are you aware whether in recent times there have been any instances of actual forfeiture?—I am not aware of it. I have never heard it mentioned in our Chamber. (*Mr. Lenz.*) A few tramps come out, but very few.

4573. Have you heard of instances of late in which, there being a forfeiture due under the terms of the circular, the shipper was let off with a fine or composition?—(*Mr. Park.*) Not to my knowledge. (*Mr. Blane.*) There is one matter here that strikes one rather forcibly. The rates to Durban, compared between Durban and Delagoa Bay, start at the 30*s.* and 32*s.* 6*d.* rate; the Durban rate for 12 tons is 95*s.* per ton, and the Delagoa Bay rate is 110*s.*, so for the 300 miles between Durban and Delagoa Bay it is half of the freight between Durban and England. It seems strange there should be 15*s.* difference between Durban and Delagoa Bay.

4574. (*Chairman.*) How about landing facilities?—They are just about the same. The charges are 3*s.*, as compared to a 6*d.*

4575. 3s. at Durban as compared to 6d.?—No, the other way about. (*Mr. Niven.*) That is the charge paid by the merchants not included in the freight. (*Mr. Blane.*) In other words, it pays a merchant to ship to Delagoa Bay up to 6 tons weight. There is 2s. 6d. in his favour, taking into consideration the advantage he has of 15s. on the railway rate, which is 15s. less from Delagoa Bay than what it is between Durban and Johannesburg. So that, by the time you get to 6 tons weight, the thing is equal, whether you ship by Durban or Delagoa Bay, but after you go over 6 tons it pays one to ship by Durban even with the extra carriage on the railway. Of course, that has been discussed by the Government, but still on paper it looks very strange.

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TWELFTH DAY.

C.S.A.R. Buildings,
Johannesburg,
Tuesday, September 24th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).
Sir JOHN MACDONELL, C.B.
Mr. J. A. WEBSTER (*Secretary*).

Mr. JOHN WILLIAM HONEY, examined.

4576. (*Chairman*) You are Director of Customs?—Yes.

4577. (*Sir John Macdonell*) What is your exact official position?—I am Director of Customs and I am also Chairman of the Tender Board.

4578. And have held that office for some time?—Yes, since 1901.

4579. You have been good enough to answer certain questions which have been submitted to you, and if you do not mind I would like to take you through your answers. The first question that you are asked is as to the extent and nature of the cargo imported by the Government, and your answer is "Chiefly heavy and "unperishable goods. Between 3,000 and 4,000 tons per "annum." Perhaps you would explain more clearly the nature of the articles which are imported?—The Printing Works import a large quantity of printing paper. The Agricultural Department import a certain quantity of fencing wire.

4580. Any other things besides fencing wire?—I do not think there is much besides.

4581. Not much as far as the Agricultural Department is concerned?—No, I think it is only fencing wire. The Public Works import a certain amount of bridge-work—iron girders—and the Postal Department import telegraph poles and telegraph wire principally.

4582. Stationery?—Yes, they import stationery and also a large number of telephone instruments and electrical supplies. These, of course, would not be "heavy unperishable" articles, but the bulk of the tonnage would be printing paper, fencing wire, girders, telegraph wire and poles.

4583. Is there any other Department which you have not mentioned for which importations are made?—Very little. The Customs Department imports a few cases of instruments and gauge glasses and the Police Department and the Volunteer Department import uniforms.

4584. Fire-arms?—No—uniforms—clothing. It is a very small tonnage.

4585. Do you think you have now mentioned the chief articles of importation?—Yes.

4586. You say the total amounts to between 3,000 and 4,000 tons per annum?—Yes. Those are the figures that I got from the various Departments.

4587. Are those figures with reference to the last few years or is it the average for a considerable number of years?—It is what their approximate requirements are for the next 12 months. In past years it has been greater because there has been more bridge construction going on and more construction of telegraphs. These are the approximate requirements for the next 12 months.

4588. Can you give me any idea as to what proportion your importations bear to the total importations into the country?—No.

4589. At Durban we were informed that the Government importations there were somewhere about 4½ per cent. of the total. Could you give us any idea as to what proportion yours are?—I have never dealt with the tonnage: I have always dealt with the values. Of course, I can easily find that out because we know the total tonnage of imported goods carried by the railways. Mr. Price would be able to give you the tonnage.

4590. For the present you could not even give me an approximate figure?—No, but it is trifling compared with the total tonnage.

4591. The next question you are asked is as to the methods by which the shipping business of the Transvaal Government is conducted, and then more particularly "(*a*) Whether shipments are made by the Conference "Lines as a matter of course or whether tenders are "invited in the open market?" Your answer to the question, so far as I have read it, is that the shipping business is conducted through the Crown Agents and now through the Agent-General, and that shipments are

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made by the Conference Lines since January, 1904, under a contract entered into between the Crown Agents and the Conference on the 17th February, 1904, which contract has recently been extended for six months?—Yes.

4592. Before you got the benefits of that contract were any attempts made to obtain shipments by other Lines than the Conference?—I understand that ever since the British occupation the shipments have been made by the Conference Lines. I do not know what steps the Crown Agents took on the other side to ship by other Lines. The Crown Agents would be better able to tell you upon that point.

4593. At all events, at present your shipments are made under this contract of February, 1904?—Yes.

4594. I will not take you through all the provisions of that contract, but there are one or two clauses in it to which I should like to call your attention. The most important clause you will probably agree is clause 4, which deals with the rates?—Yes.

4595. According to that clause the rate for rails and accessories is 18*s.* 6*d.* per ton; for locomotives and railway carriages and the large number of articles which are specified 20*s.* a ton. Then another important clause is clause 5—"Goods not enumerated above are to go at the "ordinary tariff rate of the contractors at the time of "shipment subject to the following allowances: on "classes 1, 2, 3 and 4 20 per cent. rebate to be allowed "for all ports, with the exception of classes 3 and 4 to "Cape Town and Algoa Bay, for which ports on classes "3 and 4 only 10 per cent. to be allowed." Could you state what is the effect of that in comparison with the rates which are charged to the ordinary shippers?—The bulk of our stuff would come in at 20 per cent. below the ordinary rates. I am not talking about railway stuff. There is one item—telegraph and electric light poles—which would fall in under the 20*s.* per ton rate, but most of the other items would fall in under the 20 per cent.

4596. May I go so far as to say that the great bulk of the importations would come in under that?—Yes.

4597. Could you give me approximately a fraction which would represent it—three-fourths or five-sixths?—I could not say.

4598. You are confident at all events that it is the great majority?—Yes.

4599. Then there is a provision, to which I shall only advert for a moment, with respect to the rates for heavy lifts, the clause stating that the foregoing rates apply only to pieces which do not exceed 3 tons in weight?—We have very few heavy lifts. I was just thinking the only heavy lifts we might have would be girders for bridge work. I do not know whether they would exceed 3 tons.

4600. So far as your goods are concerned this has little effect?—Yes.

4601. Then it is stated that all the rates are without primage and without rebate?—Yes.

4602. Under this contract an option is given to the Agent-General to extend the period beyond the 21st May for a further period of six months, and I think that option has been exercised?—It has been. There is an extension for six months, but I do not know whether it is under that.

4603. At all events, the contract has recently been extended for six months?—Yes.

4604. Then you were asked "Whether the Government "is bound by the rebate system?" and your answer is "No, as the lower freight is granted on shipment." You add, and I would be glad to have an explanation of the addition, "It is provided, however, in the contract, "clause 14, that during the continuance of this contract "the shippers undertake that if they have any further "cargo not contemplated in the present contract they will "give the contractors the opportunity of tendering for "the conveyance of same." I am not sure that I understand the purport and object of that addition?—It was simply to show that they had an option to quote for other cargo if they desired it.

4605. Has that question ever arisen?—Not that I know of.

4606. Then you have in effect answered the further question "Whether the Government is accorded (under "contract or otherwise) lower rates than those accorded "to merchants, and, if so, what is the extent of such "preference?" Your answer is a reference to clause 4?—Yes.

4607. Then we come to another point—"Whether in "your judgment regular sailings and stable rates are "regarded as essential or desirable by the Government "from the point of view of administration; and, if so, "whether such regular sailings and stable rates are in the "opinion of the Government only obtainable under the "rebate system?" and your answer is "Most of the "Government cargo is not of a perishable nature and "regular sailings though desirable are not absolutely "essential. Probably six shipments a year would suffice "for Government requirements." Might I ask you, Mr. Honey, is it your plan to get from time to time large consignments or do you get small consignments at short intervals?—The Post Office get most of their stuff in large consignments. The Printing Works, I think, get more or less regular frequent consignments of printing paper.

4608. At what interval—taking the Printing Department?—It would be only guess-work, but I should say probably monthly shipments of paper.

4609–4610. You were going to mention other departments?—I think the Post Office get their consignments in large quantities, and the Agricultural Department get their big shipment of 400 tons of fencing wire in one or two shipments this year. Few of the Government Departments have any large Government stores like the Railway Department have, and it would be inconvenient to have their stocks too large.

4611. As regards the Railway Department large stores are held?—Yes, but few other Government Departments have got accommodation for holding large stocks.

4612. When you add these words, "Probably six "shipments a year would suffice for Government require-"ments," are you referring particularly to the wants of the Railway Department or to all Departments?—No, only to other Government Departments.

4613. That would not be applicable as you say to the Printing Department?—They probably could. It would suit them also. They would only have to keep a larger stock of paper than they do at present.

4614. Then you say "Stable rates are desirable from an "administrative point of view; without them it would "not be possible to correctly estimate the probable "expenditure of the various departments and works." Is there any observation you would like to make on that?—No.

4615. You next say, "It is thought that by a combina-"tion of the various Governments sufficiently regular "sailings and stable rates might be obtainable by charter "outside the rebate system." I should be glad to have your reasons for that opinion?—We had a meeting of the various Government Departments, comprising the Central South African Railways, Cape Government, Orange River Colony and Transvaal Government.

4616. When?—Recently. Within the last few months. I do not know whether this should be published or not.

4617. (*Chairman.*) If it is not for publication you had better say so and we will take that evidence in private?—I do not know whether the particulars should be disclosed.

4618. Will you please give it at the end of your evidence?—Yes.

4619. (*Sir John Macdonell.*) For the moment I will pass over that. Would you like me, Mr. Honey, to postpone asking you anything about this last sentence, beginning, "It is thought that by a combination of the "various Governments"?—Yes.

4620. The next question is, "Whether it would be "practicable for the Government to make arrangements "for the shipment of their goods by chartering steamers "in the open market"?—That is part of the same.

4621. You would rather have that postponed?—Yes.

4622. The next question deals with a matter of fact. "What course has been adopted by the Government when "an opposition Line has been started?" and your answer, if it be an answer, is "I understand that since the British "occupation all shipments have been made by the Confer-"ence Lines." Can you tell me whether in fact use has ever been made of the opposition Lines?—No, I do not know what the Crown Agents have done on the other side. All the arrangements were entirely in their hands. Here we are practically ignorant of what was done.

4623. During your time, at all events no tenders have been invited as far as you know?—I am not aware of any. As a matter of fact, whether they were invited or not, all shipments have been made by the Conference Lines since 1901, so I understand.

4624. Now coming to another question, involving policy perhaps, "whether it would be possible for the Govern- "ment to use their shipments and the mail contracts as a "means to obtain better terms for merchants?" your answer is "I am not prepared to say whether it would be "desirable to use the mail contracts as a means to obtain "better terms for merchants, but Government shipments "might be utilised to fill up chartered ships and thus "assist the mercantile community." I should like to ask you several questions with regard to that. Do you think you would prefer that I should pass over it?—The other question refers more to the Government chartering ships. In this case it refers to the public chartering vessels and the Government assisting them with cargo.

4625. You are not prepared to say whether it would be desirable to use the mail contract?—No, I would rather not express an opinion on that just at present.

4626. You do think that Government shipments might be utilised to fill up chartered ships and thus assist the mercantile community. Explain a little more clearly how you think that could be done?—The government is not in a particular hurry for their stuff. If the merchants were chartering vessels and they were short of cargo, the Government might so arrange their shipments to fit in with these charters when the vessels were not filled up.

4627. Do you know whether the Government has been approached by merchants with a view to carrying out the suggestion which you here put down?—I do not think there has ever been any definite proposal from the mercantile community; at all events, not in the Transvaal.

4628. Are you aware whether or not any such proposal has been made elsewhere in South Africa?—I do not think any definite proposal has been made; at least, I am not aware of it.

4629. Your notion would be that when vessels were chartered by private persons, the Government might fill up the vessel with rails or any of the other articles which are specified in clause 4 of your contract?—Yes; or any Government supplies.

4630. There are one or two points which are not dealt with in your answer. I should like if you could give me some information upon them. Of course, the effect of these highly favourable terms to Government might be said—I do not say whether it is right or not—to be injurious to the ordinary merchants. If you got very low terms, does it not follow that the ordinary merchants will get high terms?—It does not follow, in my opinion. It might. The question is whether the rate which is being charged to merchants is a fair one, in the first instance, or the rate which is being charged to the Government is a fair one. If the rate being charged to the Government is a fair rate, then of course it does not necessarily cast any additional burden on the merchant.

4631. If it is a fair rate. Have you formed any opinion as to whether it is a fair rate?—The rates, compared with other parts of the world, seem to be high; on the other hand from the dividends paid by these various shipping companies, it would not appear that they are making inordinate profits. Perhaps their fleets are too large and too expensive, and too good for the trade.

4632. Have you formed any opinion as to the excessiveness of these rates?—They appear to be high compared with rates which prevail in other parts of the world.

4633. That is all that you are prepared to say?—Yes; but if you want to know my reasons for that, I think it is because the fleet is too good for the trade, and that there is great want of return cargo.

4634. You say the fleet is too good for the trade. What exactly do you mean by that?—There are too many vessels to do the business.

4635. You added that they were too good for the trade as well as too many. What do you mean by that?—I think they are very luxurious boats.

4636. Are you speaking of the passenger boats only?—Of the accommodation for passengers.

4637. As you know, there are other boats. Are you speaking of all the boats?—I was thinking principally of the Union-Castle Line, of the mail steamers.

4638. Especially of the mail boats?—Yes.

4639. We have had witnesses who said that they thought it was unfair to the ordinary mercantile community that you, the Governments, and the municipalities, should have specially favourable terms?—Yes.

4640. What is your view of that?—That is a particular grievance with the mercantile community here; it comes before me very frequently in connection with tenders for local supplies. It puts the local man out of the market altogether. If he has to pay the higher sea and railway rates he cannot compete loally.

4641. That leads me to ask whether you think if all shippers, Governments and municipalities and private individuals, were on exactly the same footing, tenders would be made locally for certain articles which you require?—Yes, local tenderers would occasionally be successful. They would be able to quote as good terms here as can be quoted at home.

4642. What class of articles have you in your mind particularly?—We have the ordinary Government importations—fencing, wire, telephone materials and electrical goods, paper, uniforms——

4643. As to all of which it is quite conceivable that tenders might be made locally?—Yes, most of the home firms have their agents out here.

4644. Would you think it likely that tenders would also be made for such articles as rails?—It is possible that they might be able to quote successfully.

4645. You see no reason why they should not?—No, but then you must also do away with the preferential railway rate; the Government get a preferential railway rate still. It would be no use doing away with preferential sea rates if you did not do away with the preferential railway rate.

4646. What is at the present moment the differential railway rate?—Something like 20 per cent. off the ordinary rate.

4647. On all articles?—I think so.

4648. At all events, 20 per cent. off all articles which you import?—Yes.

4649. In your view the chances of local tenders succeeding would not be great unless the railway differential rate were altered?—Yes. In addition to the items that I have given you already that we import, there are large quantities of other supplies used by Government Departments, hospitals, lunatic asylum, the leper asylum, such as provisions, flour and coffee, sugar, tea and various other articles. We do not import these ourselves, they are supplied locally, and as a matter of fact I am making an allowance in favour of the local tenderer. If we get a quotation, say, from Natal and a quotation from Pretoria for sugar, in fairness to the man here I have to add on the difference in the railway rate in order to allow him to compete.

4650. Otherwise for even those articles he would not be able to compete?—Yes. Take items like flour and sugar, coffee and tea. Unless I did that, all the orders would go down to the coast ports.

4651. By your making that allowance, the local merchants are able to make tenders in respect of these articles?—Yes.

4652. Your view is that as regards a very large number of the articles which you regularly import, tenders would be made successfully locally, provided all customers of Conference Lines were on the same footing?—Yes, they could compete. I do not say they would get the contract in every case, but they could compete.

4653. I do not understand you to suggest that. Do you on any occasion sell in the open market surplus stores which you from time to time may have on hand?—Practically no. A few old worn out things are sold sometimes; a few worn out barrows and hammers, sold by the Public Works Department. From the other Departments, no.

4654. From time to time do not you find you have over-estimated the requirements of particular Departments?—We never sell new goods; I do not know of one instance.

4655. Not one instance?—No, I cannot call to mind one. We tried to sell some the other day and could not get a price for them.

4656. There is one question to which I do not know whether you would like to reserve your answer until later

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on—answer it or not as you please—as to your opinion of the rebate system generally?—I do not know what views my Government have on the subject.

4657. I am asking your own?—If you could do away with it I think it would be a very good thing, but I do not know whether it is possible to do away with it, and at the same time ensure stable rates and regular sailings.

4658. You are not prepared to go further than that?—No. It appears to be undesirable, but it may be a necessary evil.

4659. You see advantages in it and you see disadvantages, and you are not prepared to strike the balance?—No.

4660. (*Chairman.*) You spoke just now, Mr. Honey, about the tenders which you had for food, *i.e.*, sugar and flour and so on. You said unless you made an allowance for freight, they would go to the coast ports?—Not freight—railway carriage.

4661. What allowance do you refer to, the 20 per cent.?—Yes. Government stores are carried up by rail at a lower rate of duty than ordinary merchandise.

4662. What do you do. Do you put on an increased allowance?—An allowance for the inland tenderer.

4663. What is your experience of these tenders? Do you think there are Rings of merchants to settle what they are going to offer of any large commodities?—No, that has not been my experience.

4664. You do not think that is being done, or ever was?—No.

4665. I suppose you are prepared to deal with such a thing if it happened?—Yes, I would have to. I would import direct if I found any attempt to form a Ring.

4666. How do your goods chiefly come in—from Durban or Delagoa Bay, or in what proportion?—We get some from Delagoa Bay. I think the fencing wire comes *via* Delagoa Bay; all the printing paper comes *via* Port Elizabeth, and the postal requirements nearly all come through Durban.

4667. Can you give me any reason for this?—I really do not know what has influenced the Crown Agents in shipping to those various ports.

4668. It does not depend on the railway rates, does it?—It does to a certain extent; on galvanized iron I suppose it is a great deal cheaper to ship by Delagoa Bay.

4669. Has there been an increasing tendency to ship by Delagoa Bay this last year or two in Government goods?—I do not think so.

4670. There has been on general goods?—Yes, there has been an increase in tonnage.

4671. You have not noticed it with regard to Government goods?—No, not with Government goods.

4672. I did not quite gather whether you made any distinction as to what you would import, and what you would get from merchants?—Food stuffs are all purchased locally—ordinary supplies for prisons, and hospitals, and lunatic asylums. The things that we import are things which are not ordinarily held in stock here and which are required in large quantities, and if they were quoted for here, the people would simply have to send the order home.

4673. You make the sort of distinction which we have met with in other places, that goods kept in stock are mostly purchased here?—Yes.

4674. As regards the food stuffs, do you consider that the somewhat large freight charge increases the price?—It increases it by the amount of the freight.

4675. And more?—Of course, a man puts a profit on his freight, and a profit on his duty.

4676. I wanted to get from you whether it made an appreciable difference when you came to small quantities—a pound of sugar or five pounds of sugar?—Of course, he must add to the price of the article the sea freight, and the railway freight, and the profit on his disbursements.

4677. Have you formed an opinion whether to the ordinary consumer here the price is raised by the sea freight, and the railway rate?—I suppose they would put the same profit on to the sea freight and the railway rate as they put on to the cost of the goods. It is a disbursement, just as much as the purchase price of the goods.

4678. Do you think, supposing the rates were reduced by a considerable amount, the decrease would be found in the less price of food?—When customs duties have been decreased, then the consumer has derived the benefit of it. I went into the matter very closely when I was Controller of Customs in the Cape Colony, and I found that the consumer eventually did get the benefit of the reduction in customs duties. It took some time to filter down to him, perhaps 12 months, because there were stocks on hand which paid the old duties, but he eventually got the benefit of the reduction. Competition is keen enough to ensure that.

4679. (*Sir John Macdonell.*) The merchant could not keep it?—No, and it would apply equally to railway carriage and freight.

4680. (*Chairman.*) In your experience here are the stocks of consumable goods large as a rule?—I do not think at present the stocks are very heavy. There is no necessity for keeping very heavy stocks in the Transvaal because the freight is regular, and also it necessitates paying the railway carriage in advance. Dealers therefore prefer to keep their stocks low and down at the coast.

4681. Is the tendency here, as well as in other places, to keep less stocks and order as you want in smaller parcels?—I think that is the case.

4682. You think you have noticed that?—Yes.

4683. So that any change in the expenses of bringing goods here would sooner operate towards the decrease in price if there was not a large stock?—When large stocks of high duty paid goods were held they were pretty nearly always held in bond. Of course they would have had to pay the railway carriage and sea freight.

4684. That would be out of pocket?—That would be out of pocket.

4685. With regard to this contract, I suppose the rebate referred to is all discount. There is nothing about the deferred rebates in that?—No, it is granted on shipment.

4686. It is an immediate discount?—Yes.

4687. Then in clause 14 "The shippers undertake if "they have any further cargo they will give the con- "tractors the opportunity of tendering." That is, I suppose, only tendering along with anybody else; their tenders would not be accepted unless they were low?—If they were the same, I suppose they would have the option of shipment; not if they were higher.

4688. Did you follow the proceedings of the London Conference of about 18 months ago between the Colonial Governments of South Africa and the shipowners?—No, not closely.

4689. That was not brought to your attention?—No; I did not follow it very closely.

4690. You had nothing to do with the preparation of that draft agreement which was brought forward?—No.

4691. (*Sir John Macdonell.*) From what country do you get the majority of your shipments?—The United Kingdom.

4692. Do you get any from the United States?—No, I cannot think of any lines that we get from the United States—that is to say, that we import direct.

4693. Do you get any lines from Germany?—I do not think so. I do not know where the telephones come from. They are foreign goods, but they are shipped by the Crown Agents.

4694. As far as you know, they come from the United Kingdom?—They are shipped from there.

4695. (*Chairman.*) You have no rule in taking British goods as compared with foreign goods if the foreign goods are cheaper?—There is no hard and fast rule laid down.

4696. Is there any sort of rule?—We would probably give them a preference.

4697. If the prices were about the same?—Yes.

4698. (*Sir John Macdonell.*) Take the Agricultural Department. Are there any articles which you get for its wants from America?—No. The Department imports very little

4699. What kind of articles does that Department import?—It is importing fencing wire only at present.

4700. Is that almost the only thing that it has been importing?—Yes, but they have been purchasing some imported drills lately.

4701. From America?—They were purchased down at the coast. They are for boring for water; they were supplied from East London. I cannot tell whether they are American drills or not.

4702. You import cement in considerable quantities, I suppose?—Until recently we did.

4703. From what country do you get your cement?—There is not much cement being imported now. There used to be. It is nearly all purchased down at the coast—purchased at Delagoa Bay.

4704. Has that practice prevailed for a long time?—Yes, I think we have been purchasing cement at the coast for some time.

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4705. Before you did that, from what countries did you get the cement?—I think the Public Works always insist upon using Portland cement.

4706. Brought from England?—Yes. They very seldom take a foreign cement.

4707. At the present time that strong preference is given for English cement?—Yes. They insist upon English cement if it is to be used in connection with any bridge-work or other public work.

4708. The quality of the English cement on the whole is better?—It is regarded so by the engineers; they prefer it. (*The rest of the witness's evidence was heard in private.*)

Mr. William Smith Thomas, examined, handed in the following statement. (*See also Appendix XIII.*)

Mr. W. S. Thomas.

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I desire to give evidence in regard to the exorbitant rates charged by the Conference Lines on heavy coils of wire rope. Messrs. Allan, Whyte & Co., Wire Rope Manufacturers, of Rutherglen, Glasgow, Scotland, whom I am representing in this country, have on several occasions taken up the matter with the Conference Lines. No satisfactory explanation has ever been given of the reason for these high rates. I have personally interviewed representatives of the Clan Line in Glasgow and also in London. The representatives of the Clan Line in both cities informed me that their vessels are fitted for handling heavy coils and that so far as the Clan Line is concerned they can handle them as easily and cheaply as smaller weights. They also stated that the Clan Line was quite prepared to carry these coils at a reduction in freight, but that the agreement between the various Lines running to South Africa prevented them from making any concession. These representatives claimed that on several occasions they had brought this matter before the other Lines in the Conference without obtaining any satisfaction for us. They stated that the arguments put forward against a reduction in freights on heavy coils of wire rope were that some of the Lines have no means of handling the heavier coils with the ship's tackle, and therefore the heavy coils would not compose a remunerative cargo for these particular Lines. This clearly shows that were the various Lines running to South Africa in competition that the freights quoted on this particular class of cargo would be very much less than at present, and there is also a tacit admission on the part of the Clan Line that they consider the present rates to be far too high. Our reason for wishing to obtain a cheaper rate on heavy coils of wire rope is that we import long lengths of rope so as to be in a position to supply the mines with any length which they desire from stock, but we are thus in the position of competing against the same quantity of rope in ordinary length coils which are imported at cheaper freight rates.

I have prepared a table showing the extra cost per yard in each size of rope, from ¾ inch diameter to 1¼ inches diameter, incurred by importing the coils in 15,000 feet lengths as against importing them in 3,000 feet lengths. You will see by this table that the difference in cost varies from a little over ½*d.* per yard to something over 2*d.* per yard.

Our contention is, that these heavy reels can be handled in less time and with less expense than the same weight of ordinary cargo in small packages. The ropes are all wound on strong wooden reels and have strong wire rope slings to facilitate handling. Provided these heavy coils of wire rope are handled with ordinary care, there is no more risk of damage than with smaller coils of wire rope or general cargo. The Clan Line have tackle on the vessels capable of loading heavy coils, and at Durban the Harbour Board take the coils from the ship and load them into trucks at a cost to the ship of 5*s.* to 6*s.* per ton for cranage. The cost at Durban on any of the heavy coils mentioned here would not exceed £3 18*s.* 0*d.* as a maximum. The Natal Government Railways do not charge any extra price for transporting these heavy coils of rope from Durban to Johannesburg, and the cranage charges mentioned above do not constitute sufficient reason for the excessive freight rates.

The Houston Line, before entering the conference, handled these heavy coils at about half the present prices. The steamship lines from England to the East carry this class of cargo at very much lower rates than the conference rates from Glasgow to Durban.

I submit herewith a sheet showing the old Houston Line rates; the rates which we are quoted for the same class of goods to the East, and also the former and present rates charged by the Conference Lines from Glasgow to Durban.

From July 1st, 1907, the Conference Lines put forward a new rate of freight which was generally spoken of as a reduction, but on the contrary in the case of heavy coils, this new rate proves to be a very substantial advance. The freight rates in force at that time were reduced by 2*s.* 6*d.* per ton, but only half of the 10 per cent. primage is now rebated. This makes a reduction on packages from under 2 tons to 4 tons, varying from 1*s.* per ton to zero. From 4 tons to 13 tons these new rates constitute an advance, varying from zero to 2*s.* 6*d.* per ton. The majority of our coils of rope imported for stock weigh from 8 tons to 13 tons, and as stated before, these ropes are seldom supplied in an entire length, but are cut into shorter lengths to suit the requirements of the mines.

I submit herewith a table comparing the Houston Line rates, the Conference Line rates up to end of June, 1907, and the Conference Line rates since July, 1907. This table shows the percentage of increase in the Conference Line rates over the Houston Line rates, and the reduction or increase per ton in the present Conference Line rates over the old Conference Line rates. The tables are worked out on the maximum weights from 2 tons up to 13 tons. You will note that the percentage of increase in the old Conference Rates over the Houston Line rates varies from 18·1 per cent. to 116·6 per cent., and the percentage of increase of the new Conference Line rates over the old Houston Line rates varies from 14·5 per cent. to 121·6 per cent. For weights below 4 tons there is a small reduction in the price per ton, and for weights over 4 tons there is a considerable advance in the price per ton in the new Conference rates as compared to the rates in force before July 1st, 1907.

It would seem that the rates charged by the Houston Line for heavy coils were quite high enough to enable ships to carry this class of cargo at a profit, and the percentage of increase in the Conference Rates is given in order to show the methods adopted by the Shipping Ring now that there is no competition. In our opinion the rates quoted for heavy coils of wire rope constitutes a case in which the rates from the United Kingdom to South Africa are excessive.

Our firm decided to support the Houston Line very soon after they started running to South Africa, and by so doing we were compelled to forfeit our rebates. So far as I am aware, we were not compelled to pay any penalty to the Conference Lines when the Houston Line entered the Ring.

At one time we were quoted rates from England to South Africa via New York, at a cheaper price than from England to South Africa direct, but I understand that now the rates on heavy coils from New York to Durban are the same as from Glasgow to Durban.

All heavy lifts are not as easily handled as wire ropes, and I should suggest as a remedy that heavy lifts be classified according to the facility with which they can be handled. At present, we perhaps are made to suffer on account of the fact that some portions of machinery or boilers are very much more costly to handle.

This statement answers all the questions on which I am prepared to give evidence.

4740. (*Chairman.*) What is your business?—I am manager for Allan, Whyte & Co., wire rope manufacturers, of Glasgow, Scotland.

4741. I understand you want to make a representation as regards the rate of freight on coils of wire rope?—Yes. I have prepared a written statement, which, if you like, I will read. I have not sent in a statement. I will hand in copies if you like.

4742. I see you say you give evidence on behalf of Messrs. Allan, Whyte & Co., wire rope manufacturers, who have taken up the matter several times with the

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Conference Lines, and you have interviewed personally representatives of the Clan Line?—Yes.

4743. And the Clan Line have stated that they can handle these heavy coils as easily and cheaply as smaller weights. What is the weight of these coils?—They vary from about eight to 13 tons.

4744 "They also stated that the Clan Line was quite "prepared to carry these coils at a reduction in freight "but that the agreement between the various lines "running to South Africa prevented them from making "any concession." This has been brought before the other lines of the Conference without satisfaction. The arguments are that there are no means of handling the coils with the ship's tackle, and therefore the coils have not formed remunerative cargo for those particular lines. What are the rates?—I have the rates here. That gives the Houston rates, the old Conference Line rates and the present rates.

4745. The Houston rates were, of course, very much less?—Yes.

4746. Did you ship by them?—Yes. Our point is the extraordinary advance in the Conference Line rates for heavy lifts over the rates which were previously charged by the Houston Line and also over the rates which steamship companies charge from Glasgow or the United Kingdom to the East.

4747. Before the Houston Line came into competition what rates did you have?—The rates are shown there, on the first column of the table (*handing in documents*).

4748. Under two tons, 40*s*. Then it goes gradually up by 5*s*. per half-ton?—Yes, up to five tons, and then from five tons to 10 tons it goes up 5*s*. per ton.

4749. To begin with, it goes up 5*s*. every half-ton. After five tons it goes up by 5*s*. every ton, reaching between nine and 10 tons, 95*s*.?—Yes.

4750. When did the Houston competition come in as far as you are concerned?—As far as we are concerned, the Houston competition started in 1902. Our first freight with the Houston Line was in September, 1902.

4751. Did you forfeit your rebates by going to them?—Yes.

4752. A large amount?—Not very large at that time. We were not doing much business then, as it was during the war. I think our rebates were only £20 at the time.

4753. Did you make a contract with Houston?—Yes.

4754. For how long?—I think the first contract was for a year, and it was afterwards renewed for a year.

4755. When they came in you had no contract outstanding?—We had for a short time.

4756. Then what happened?—We then had to pay the Conference rates. I doubt very much if we had to pay anything over the Conference rates.

4757. You did not have to pay any sort of fine?—Not as far as I know. These were the rates which we paid. If these are the rates which were quoted to others at the time we have not paid any penalties.

4758. The rates to July 1st, 1907, which you paid were:—Under two tons, 32*s*. 6*d*., and then the scale seems to go up by 5*s*. a half-ton up to five tons, and then by 5*s*. every ton up to 102*s*. 6*d*. Is that besides the primage?—Yes. The primage is not counted in because it was rebated. Our Glasgow works carry the primage account and do not charge us.

4759. From July, 1907, on the face of it there is a reduction?—Yes, there is a reduction on the face of it. I have prepared these tables on that portion (*handing in tables*).

4760. The first is a table showing the percentage of increase in the Conference Line rates over the rates charged by the Houston Line and the extra cost per ton of heavy coils due to the supposed reduction in rates made by the Conference Lines in July, 1907. The second table shows the extra cost per yard due to sending wire ropes in large coils *via* the Conference Lines to Durban?—Yes, that is the sending of coils of 15,000 feet or 11,000 feet, according to the size of the rope, as against sending them in 3,000 feet lengths.

4761. That shews the extra cost per yard due to long length coils?—It varies from a little over a ½*d*. a yard to a little over 2*d*. per yard. In that table which you are looking at now you will see that the percentages of increase in the first Conference Line rates over the Houston Line rates vary from 18·1 per cent. to 116·6 per cent.—that is an increase per cent. on the Houston Line rates.

4762. Do you consider that the Houston rates are a fair criterion of a paying rate?—I certainly do.

4763. Were not those rates very low? Were not they what you might call fighting rates?—I do not think that they were because we have been quoted cheaper rates than that from America—cheaper by 5*s*. to 10*s*. a ton.

4764. Recently?—No, about two or three years ago. At present the American rates are the same as the Conference Line rates.

4765. That was the time when the American rates were so low: there was the Prince competition?—Yes.

4766. What use would these American rates have been to you?—If there had been no rebate system, of course we could have shipped from England to America and from America here cheaper than we could have shipped from England here.

4767. There again it was only in an exceptional time, was it not?—Yes; but, of course, our contention in regard to this is that these coils can be handled equally as cheaply as the smaller coils or cheaper than the same weight in general cargo. I have made that clear in the statement.

4768. You say, "The ropes are all wound on strong "wooden reels and have strong wire rope slings to "facilitate handling"?—So far as I can see, the extra cost to the shipping companies is only the cranage charged at Durban, and the maximum amount charged at Durban would be £3 18*s*. on any coil spoken of here.

4769. These all come through Durban—not Delagoa Bay?—No, I prefer Durban because they can handle them much better and more quickly. I think Durban has good facilities for handling weights, and I always have my consignments through Durban, partly on account of the Natal Government Railways forwarding for us.

4770. You say, "The Natal Government Railways do "not charge any extra price for transporting these heavy "coils of rope from Durban to Johannesburg and the "cranage charges mentioned above do not constitute "sufficient reason for the excessive freight rates." You put in a statement of the freight on wire ropes from Glasgow to the East. Do you consider that a fair criterion?—I do.

4771. On the smaller consignment up to two tons it is 35*s*. Glasgow to the East?—Yes.

4772. Then when you get up to between two and three tons the rate to the East is only 2*s*. 6*d*. higher; three to four tons 40*s*.; four to six tons 45*s*. How does that 45*s*. compare with the present rate of the Conference Lines?—The five to six tons on the Conference Lines is 65*s*.—25*s*. advance—plus 5 per cent. of the 65*s*.

4773. So that practically directly you get over the lowest limit you pay more for sending to South Africa than you do from Glasgow to the East?—Yes.

4774. And from six to ten tons from Glasgow to the East the rate is 50*s*. as compared with Conference rates from 70*s*. to 100*s*. by the Conference Lines, plus 5 per cent.?—Yes. Of course the rate for 12 or 13 tons to the East might possibly be greater than 50*s*. Comparing with the Conference Lines rate the rate of the Conference Lines for ten tons is 85*s*. plus 10 per cent.

4775. You have no provision in the rates from Glasgow to the East for anything above ten tons?—Not as I have the rates given. The probability is that they do not send coils out to the East as large as the ones they send here. Probably ten tons is the largest coil they send to the East.

4776. (*Sir John Macdonell.*) You do not suggest that heavier reels would be charged at this 50*s*.?—No. I think that the heavier reels would be charged 5*s*. or more a ton. The advance is 5*s*. from three to four tons; four to six tons is 5*s*. advance again, and six to ten tons is another 5*s*. advance. The probability is that the rate up to 13 tons would be 55*s*.

4777. (*Chairman.*) You think there is no business in these larger coils to the East?—I think not.

4778. Why?—We have agents in the East, and with agencies it is rather harder to handle large coils than it is from a branch office, where we can attend to them ourselves and be careful about the cutting off so as not to lose the end of coils, which would not be possible in the

Eastern business where there are merely agents. We send out larger coils here than we do to any agency. Then again the ropes used in this country are larger than in other countries.

4779. That is what I wanted to get from you. Why are they larger?—The mines are deeper and the loads which they handle are heavier. For instance, the largest rope used in this country for winding is 5,100 feet. In this case a tapered rope is used.

4780. What classes are the bulk of your shipments in?—From $\frac{7}{8}$ inch diameter to $1\frac{1}{4}$ inch diameter. The $\frac{7}{8}$ inch we send in 15,000 feet lengths; the 1 inch in 15,000 feet lengths; $1\frac{1}{8}$ inch 12,000 feet, and $1\frac{1}{4}$ inch 11,000 feet.

4781. What would that be in tons?—If you refer to the other table you will see the exact weights given for the coils. You have the size given in the first column; then you have the 3,000 feet length and the 15,000 feet length; then the next column gives you the weight in tons, cwts., qrs. and lbs. Then in the next line below that there is $1\frac{1}{8}$ inch diameter in 12,000 feet lengths.

4782. Are most shipments made in that class?—I carry nearly all my stock ropes of $1\frac{1}{8}$ inch, $1\frac{1}{4}$ inch and 1 inch in those lengths. Of course, on direct import orders the length carried is only according to the exact specification, 3,250 feet or whatever it might happen to be.

4783. So that you go up to nearly 13 tons?—Yes.

4784. $1\frac{1}{4}$ inch 11,000 feet length is 12 tons, 14 cwts.?—Yes.

4785. That is not an unusual size?—No, that is a regular stock size. We have a great many of these coils on order at the present time, and a great many have been sold entirely. The rate is 100*s.* at the present time. You have the rate given in the next column,

4786. Plus 5 per cent.—that is 105*s.* per ton?—Yes.

4787. Do you belong to the London Merchants' Conference in London?—No.

4788. So that you have not brought any influence to bear, except through your own firm, on the Conference Lines?—Our people have taken it up with the Hon. Lloyd-George, President of the Board of Trade, and written him letters on the subject.

4789. You have written to the Board of Trade?—Yes.

4790. Have you had any answer?—I think we have had an acknowledgment only.

4791. Did he refer you to the Royal Commission on Shipping Freights?—Not to my knowledge. Of course, this letter was written on the 29th March, 1906, when I was in this country, and it is only through correspondence that I have obtained much of this information.

4792. Do you want to express any views on the general question of these rebates?—No, except that I think the views expressed by the other people who have given evidence have been just the same as I should have expressed. The only thing I should like to point out is that we are not in a position to take any opposition freights which are offering at the present time because the amount we should lose in rebates would be very large.

4793. To you, there is only this practical question of heavy lifts?—Yes. I have specified here that I do not think that all heavy lifts are as easily handled as lifts of wire rope. I think that we are rather penalised in heavy lifts on account of the fact that large pieces of machinery, boilers, and so on, are much harder to handle than a coil of wire rope.

4794. It is a question with you rather of classification?—Yes. That is what I have said here, that I think the only method is to classify heavy lifts according to the facility with which they can be handled.

4795. That rather brings us to the remedy by which some authority or somebody or other might be consulted about the classification of rates?—Yes.

4796. Have you a copy of the classification or how do you know what you have to pay? Are you told by the Shipping Conference under what class your goods come and what the distinction is?—I think that we are, but I am not prepared to state exactly how we get that information because this portion of the business is all done from the Works. The Works ship to us and charge us according to the amount which they have to pay. I do not know how they get the classification. I presume they have it through correspondence. I would like to point out that I have given the percentage of increase over the Houston Line rates in order to show the methods adopted by the Shipping Ring now that there is no competition. It varies to 120 per cent. or 116 per cent. increase.

4797. You depend on the Houston rates, and also to a certain extent on these rates on wire ropes from Glasgow to the East?—And also on the fact that, having had charge of heavy lifts for a considerable time, I know that the heavy lifts can be handled at very cheap rates.

4798. The heavy lifts of wire ropes?—Yes.

4799. Have you ever suggested that a separate class should be made for your heavy lifts of wire rope as compared with machinery and boilers?—I think the firm have suggested it, and I think that I suggested it also at the time I had a conference with the Clan Line. That was some two years ago. I speak from memory with regard to the data given above as to those interviews.

4800. (*Sir John Macdonell.*) All your consignments of wire rope come from Glasgow?—Yes. We manufacture the ropes in Glasgow.

4801. By what Lines are the rates given here from Glasgow to the East chargeable?—I am not sure. I think the City Line take a considerable amount of them. I am not conversant with the Lines running to the East.

4802. When you quote, as you do, the rates on wire rope from Glasgow to the East, you cannot at the present moment state what the Lines are which charge these rates?—No, I cannot. I obtained that information from this letter, which was written by Messrs. Allen, Whyte & Co., to the Hon. Lloyd George (*handing in letter*).

4803. The letter does not specify the Lines?—No.

4804. Do you know whether the German Lines, Members of the Conference, charge for wire rope according to a similar scale?—I do not know. I understand that the Lines running from New York at the present time do, because I interviewed one of the big American importers here to find out whether they are getting cheaper rates than we are.

4805. And the information was that they had a scale similar to the scale which you have quoted here?—Yes.

4806. Whether the German members of the Conference charge according to the same scale, you do not know?—No.

4807. Does wire rope to any extent come from Germany?—Not to a great extent at the present time—no. They have had agencies here, and one or two German firms still have agencies here, but I do not think that they are doing any considerable percentage of business.

4808. Do you know whether the freight for coils of the size of this which you usually import—namely, coils of 8 to 13 tons—are much the same as the rates given for the United Kingdom; that is whether the German Lines charge for coils of the same size as yours, much the same terms as are charged for your coils?—No, I do not know.

4809. I gather that you fully admit that for heavy weights there must be a special scale?—Yes, we do not object to a slightly higher rate for heavy lifts.

4810. I take it that the practice generally, whether in the trade to South Africa, or to the East, or anywhere, is to charge a peculiar scale for heavy weights?—I believe it is.

4811. And your sole grievance is that there are heavy weights and heavy weights, and that yours are peculiarly manageable?—That is so.

4812. And you suggest there should be some classification according to which a difference should be made between heavy weights hard to manage, and heavy weights easily manageable?—I do.

4813. Do you know whether all the members of the Conference Lines have tackle on the ships capable of dealing with such coils as you usually import?—Two years ago I was informed by the representative of the Clan Line that several of the Lines running out of London do not have tackle capable of handling these weights. I think they specified that the King Line, and one or two of the other Lines, do not possess tackle capable of handling a 13- or 14-ton weight.

4814. Is it the case that at all the ports on the South African Coast there are appliances at the wharves capable of dealing with such coils?—I think not. I do not think Port Elizabeth or East London can handle heavy weights as easily as they can be handled at Durban.

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4815. By whom are these wharf charges paid—by you, as the importer?—Do you speak of the cranage charges? The cranage charges are paid by the ship, but the maximum cranage charge would be £3 18*s.* for the biggest coil. That is according to the Natal Government Railways rate book. The cranage charges are from 5*s.* a ton, and 6*s.* a ton up to 20 tons.

4816. And the maximum cranage charge you say is how much?—6*s.* a ton for 13 tons. That would make the £3 18*s.*

4817. Is there the same cranage charged at Cape Town as at Durban?—Importing for this market via Cape Town would not be possible on account of the very heavy railage charges, therefore, I am not in a position to say what the cranage charges are there. I am speaking of Durban only.

4818. Does the railway company make any provision in its tariff for heavy weights such as yours?—It does not; it charges us the same rate of freight from Durban to Johannesburg on the wire rope in large coils as in small coils.

4819. Including the charge for placing the coil on the truck and removing it from the truck?—Yes. We have, of course, extra charges for these heavy coils in cartage, but the railway rate is exactly the same as for a smaller coil.

4820. I think I see the difference, but would you make it a little clearer to my mind what the difference in point of facility of handling some article, such as part of a locomotive, of 10 to 15 tons, and handling a coil of wire of the same weight would be?—The coil of wire of 13 tons weight would, perhaps, be a matter of 6 feet long, 5 feet wide, and 6 feet high, enclosed on a round wooden wheel.

4821. Capable of being easily put upon slings?—We have a sling already attached round the coil with a slip-knot into which the hook of the crane can be put, so that the coil can be easily lifted.

4822. An operation far easier than removing a part of a locomotive weighing 15 tons?—Yes. Part of a locomotive weighing 15 tons might be a very awkward parcel: it might be 10 or 15 feet long and have peculiar angles, and it would not be nearly so easy to handle in certain parts as to handle a coil of wire rope. In the coil of wire rope, the fact that we have the coil on a round reel, 6 feet in diameter and 5 feet across, and with a wire rope sling where a hook can easily be attached and the coil lifted, facilitates handling and makes it as a matter of fact, just as easy to handle as a smaller coil.

4823. You speak particularly of the class of article which you import, but do you think that there are any other classes of heavy weights to which your arguments are equally or to some extent applicable?—I think there are other heavy weights to which our arguments are applicable.

4824. For example?—What those weights are I am not prepared to say without going into the question very thoroughly and seeing exactly the dimensions of these heavy weights.

4825. Could you give me your impression as to what other articles might be dealt with in a manner similar to your commodities?—There are certain parts of machinery which could be.

4826. For example?—Portions of engines could be handled. For instance, the weights which would be hard to handle would be things like big boilers and probably big winding engine drums—that is, the drums of engines in half pieces.

4827. Have you any experience as to the rates which the London Docks, or any other Dock Companies, charge for handling your wire reels?—No.

4828. (*Chairman.*) You state at the end of your first page: "We are thus in a position to compete against the "same quantity of rope in ordinary length coils which "are imported at cheaper freight rates." Would you mind telling me where those ropes come from?—They might be our own. What I want to point out is that if we bring our coil of rope just 2,000 feet long, or 2,500 feet, or 3,000 feet, we could easily stock those lengths because those are the lengths which are very often used. In that case we pay so much less freight and the coil works out so much cheaper on account of the freight rate than it would if we import the 15,000 feet lengths.

4829. Have you got the practical monopoly of these wire ropes for the mines?—No, I wish we had.

4830. The rope you speak of is not all yours is it?—No. The majority of the wire rope firms here do not import these long lengths. I think there are one or two besides ourselves who are importing long lengths.

4831. Does any of it come from Germany?—I think not: I do not think that any of the German firms import long lengths.

4832. They import the ordinary lengths?—Yes; if they import at all they import the short lengths.

4833. Would any come from the United States of the ordinary lengths?—Of the ordinary lengths some will be coming from the United States.

4834. Not of the longer lengths?—Not of the longer lengths to my knowledge.

4835. So that any foreign competition would be in the ordinary length coils?—In the ordinary length coils, yes. Of course our object in importing the long lengths is that the mines very often wish to buy from stock a length of, say, 3,250 feet or some inside length. Before we imported these long lengths—we were the first people to do it—the usual stock lengths were in 2,000, 2,500, 3,000, 3,500 feet, and thus compelled the mines to buy an extra amount of rope in certain cases, whereas if we have a long coil of 15,000 feet and we get an order for 2,200 feet we can cut to that length.

4836. You can always cut but you cannot join?—We cannot join. It is against the mining regulations to splice a wire rope except for hauling rock only.

4837. Is the tendency to want longer lengths?—The tendency is to want longer lengths.

4838. (*Sir John Macdonell.*) Have you experienced any inconvenience from the want of a proper classification of the rates of the Shipping Companies on various commodities?—We are experiencing inconvenience all the time in so far as we have to lose the extra amount which the long length coils cost.

4839. I ought to have asked a previous question. Do you import any other kind of goods?—No.

4840. I am speaking now of the published classification. Have you had access to any published classification?—No.

(Afternoon Sitting.)

Mr Thomas Rees Price, C.M.G., General Manager, C.S.A.R., examined.

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4841. (*Chairman.*) You appear on behalf of the Central South African Railways?—Yes.

4842. I propose to take you through your brief, just asking you certain questions on points that we do not altogether understand. The first thing I want to ask you about is as to the question No. 1, "The extent of the "cargo." You say "The nature of the cargo imported "by the Government." "In 1904 there was 58,567 "shipping tons; 31,246 tons in 1905; 46,703 tons in "1906, and in the first half of this year 26,199 tons." Those are shipping tons. You cannot say how much weight that represents, I suppose?—We could get that out, but roughly it amounts to this, that between 70 and 80 per cent. represents dead-weight; the remainder represents measurement weight; and roughly our experience is that the measurement weight as compared with the dead-weight increases by 72 per cent. The measurement weight is 72 per cent. in excess of the dead-weight.

4843. Generally a measurement ton is much less than a ton?—No, Sir. The dead-weight ton would be 2,000 pounds, but a measurment ton for the purposes of charging would be 2,000 pounds plus 72 per cent.

4844. You mean that these shipping tons do not represent that dead-weight?—No.

4845. You say "This tonnage represents all shipments "made by the Crown Agents. Sleepers and timber im-"ported direct not included?"—The reason that sleepers and timber are not included is that the sleepers come largely from Australia and Java, and the timber comes from the Baltic.

4846. They come by sailing ships?—Sometimes, not always.

4847. Anyhow, they are not included in the contract?—They are not included in the contract.

4848. You say, "It may be taken that all the above "come from the United Kingdom." That is, all the above, with the exception of the sleepers and the timber?—Yes. For our purpose the cargo came from the United Kingdom, but our information is, rightly or wrongly, that the whole of our shipments that do come from the United Kingdom are not manufactured in the United Kingdom, but for our purposes we buy them in the United Kingdom.

4849. Why do you buy them in the United Kingdom?—For two reasons. First of all we obtain them through the Crown Agents, and in the next place there is a disposition to secure everything that we reasonably can from the United Kingdom.

4850. Then you give a list of the nature of the cargo. I see in that list there is a good deal that you might be able to get locally, such as paints and oils, paper, stationery and general stores, and so on?—What happens with regard to that is this—We introduced a practice two or three years ago, or perhaps four years ago, and it is a growing practice, of calling for tenders simultaneously in England, through the Crown Agents and locally, for our requirements. We made an arrangement with the Crown Agents, about which there was a little difficulty, but the difficulty was smoothed over, that they should cable to us their lowest tender and we should compare that with the prices that we had locally, and we accept the lowest satisfactory tender. The result of the arrangement has been that quite a considerable quantity of our oversea traffic is now purchased through local tenderers. There is also an arrangement so as to secure absolute fairness in tendering to the local tenderer, that if they obtain our supplies from Great Britain they are allowed to ship these supplies through the Crown Agents so as to secure the advantage of any special freight rates we have. There is a similar arrangement locally as regards the railway rates charged on the purchases.

4851. They do not pay the ordinary freight rates?—Not unless it happens to suit them better than to secure any rates that we possess.

4852. I notice cement among the articles. Is that from the United Kingdom?—Sometimes it is from the United Kingdom and sometimes it is from Germany, but our arrangements with the Crown Agents, or rather, our arrangements with the Conference Lines, are that they quote the same rate from the shipping ports which are specified—I think Hamburg is one and I remember Antwerp is another—as is quoted from London. But the Commission will notice in dealing with our contract that the choice was given to us of accepting the contract rate for conveyance of cement or the merchants' rates, and we found the merchants' rates were lower than our contract rates, and therefore we gave notice to the Conference Lines that we would accept the merchants' rates. Therefore, for the purpose of cement, we are just the same as any other ordinary purchaser.

4853. That is a considerable amount, is it not—cement?—It was a considerable amount, but it is a decreasing amount, because we have now established in the Transvaal a cement factory of our own, not belonging to the Administration, but belonging to the Colony, and we are encouraging the use of that cement as far as we are able. The probability, therefore, is that our cement consumption from over-sea will be materially reduced.

4854. That will only be for the consumption of this particular Colony?—No; we shall, to the extent we find ourselves able, use the Transvaal cement in both the Orange River Colony and in this Colony, so far as this administration is concerned.

4855. Then in the next question you speak of the methods by which the shipping business of the Government is conducted, more particularly, "Whether ship- "ments are made by the Conference Lines as a matter of "course, or whether tenders are invited in the open "market, and whether or not the Government is bound "by the rebate system; whether the Government is "accorded, under contract or otherwise, lower rates than "those accorded to merchants, and if so, what is the "extent of such preference." You have referred slightly to all those points, but especially about the last. What is the general effect of your contract as regards rates, compared with what the merchants pay?—Generally speaking, our rates are lower, but not entirely lower than some merchants, I understand, have secured.

4856. Under special agreements?—Under special agreements.

4857. Do you know of any special agreement subsisting now?—One of them, I understand, is still running, in the case of a firm known as Stewarts and Lloyds. They secured that special rate as the result of what was known as the Houston competition. I also have had the opportunity of seeing a contract for other rates, but not with the same firm, that are in some respects lower than ours, but as the document was shown to me confidentially, I can only say to the Commission that I have seen the document and can assure them that they are lower than ours, but I am not open to give the details.*

4858. Lower than yours?—Yes.

4859. Is that a contract which is going on for some time?—It has been a contract in operation for quite a good while, and it is running at present.

4860. On that same sub-section C., you have told us that you know of certain exceptions by which lower rates are accorded to merchants. Your special rates for rails are 16*s.* a ton, and going up to 20*s.* for smaller lots, and then a special rate for various lines—locomotives, and so on?—With regard to that special rate, we received notice from the Conference Lines that they would not continue those rates after the 30th June last, but as the result of action that was taken, which perhaps you will wish to get particulars of later on, they reconsidered their decision and gave us the advantage of those rates until the 31st March.

4861. That is nine months?—We have renewed the arrangement until the 31st March.

4862. I thought it was six months?—At first it was spoken of as six months, to the end of the year, but we communicated with the Agent General, acting concertedly with the Cape, and we came to an arrangement that the agreement should continue until the 31st March.

4863. That is, practically the old rates, except for cement?—It is the old rates that have obtained since 1905, but it is not completely the rates that were entered into in the original contract for 1904. When they renewed the 1904 contract, the Conference Lines made certain exceptions, particulars of which I will put in, with your permission.

4864. Then you give the different classes under this contract "Charged at ordinary tariff rates at the time of "shipment subject to the following allowances:—Classes 1, "2, 3 and 4, 20 per cent. rebate at all ports with the "exception of Cape Town and Algoa Bay where Classes "3 and 4 were subject to 10 per cent. rebate only." Why were those two ports excepted?—No reason was assigned.

4865. Do you know of any reason?—I am not able to recall any reason.

4866. I suppose that your goods mostly come up from Durban or Port Elizabeth or Delagoa Bay?—Most of our goods are imported *via* Delagoa Bay and East London; East London being the nearest port for the Orange River Colony, and Delagoa Bay being the nearest port for Germiston, but under an arrangement we have come to with the Cape recently, until the 31st March next, we are going to import a considerable portion of our cargo *via* East London that under certain circumstances we would have imported *via* Lourenco Marques, but that is the result of an agreement that we came to with the Cape when we resolved upon certain concerted action.

4867. (*Sir John Macdonell.*) Quite recently?—Quite recently. I shall put in a copy of that agreement presently.

4868. (*Chairman.*) So that you are always arranging the rates to a certain extent to divide your traffic or to settle whether certain traffic should come to a particular port?—It is throughout a matter of calculation, as to which is most advantageous to the inland Colonies as the route to bring the traffic to the particular points at which we require that traffic delivered for railway purposes.

4869. Then you speak of the special rates being increased by 2*s.* 6*d.* a ton at East London, 4*s.* to Durban, and 6*s.* 6*d.* at Delagoa Bay, to provide for cost of landing?—That is a matter in regard to which we have made repeated representations to the Conference Lines; through the Crown Agents at first, and recently through the Agent General, pointing out that the charges so levied, apart from the sea freight, seem inequitable, and

* The witness subsequently in a letter to the Union-Castle Company withdrew these statements in consequence of assurances given to him by the Company.—J.A.W.

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although we have, as we think, succeeded in shewing that there is no adequate justification for these charges up to now, although all our endeavours have been continued for years, we have not met with any success. Taking East London: nine-tenths of our cargo, I should think, or probably nearly the whole of it, comes in vessels that come alongside the quay.

4870. They get over the bar?—They get over the bar and deliver cargo at the wharves. There is an arrangement in operation in East London that all cargo is received and sorted to Bill of Lading by the Harbour Board. The Harbour Board make a charge for that service of 6*d.* per ton. We have vainly endeavoured to secure the advantage that the Cape Government are quite willing to accord us by acting as our agents for receiving and forwarding that cargo, and without reference to what ought or ought not to be charged for sea freight, we do feel that it is a somewhat unusual course to pursue for the Conference Lines to charge us 2*s.* 6*d.* a ton for that service.

4871. These services are of the nature of out of pocket or terminal services, I suppose?—Yes.

4872. Which ought to mean the cost of the service?—That is our case. Our case is that the steamer receives cargo for us at a British port; it conveys it to South Africa, it is expected to hand out that cargo to us. We are prepared in concert with the Cape Government to render all the services that are necessary. We are aware what the Cape Government charges for that service, namely 6*d.* per ton, and yet, without any adequate reason as we submit, we are invited, in addition to paying the sea freight, to pay 2*s.* 6*d.* a ton.

4873. (*Sir John Macdonell.*) And what are the alleged services rendered?—The description given to us—and you will find it set out in the original contract—is "2*s.* 6*d.* "per ton to be added to, including the cost of landing, "lighterage and sorting." With regard to landing, the cargo must of necessity be handed to the consignee. With regard to sorting we know what the charge is. There is no lightering in the majority of the cases, and in the cases where there is lightering we are content to pay, because it would be open to us in that case to see to it that our cargo is sent by ships not requiring lightering.

4874. (*Chairman.*) Is there any extra charge in respect of the additional distance from Cape Town?—Not in the contract. This is an all-round charge after specifying certain classes of goods. So far as that particular cargo is concerned it is an all-round charge to South African ports of 20*s.* a ton.

4875. Do you think that is a sort of average between the more distant and the nearer ports?—It is an all-round charge.

4876. The same for all the ports?—Yes. Here is the contract of 1904, with the subsequent extensions. (*See Appendix XXXIV.*) You will find the contract at the bottom.

4877. There is a subsequent contract, is there not?—That is the original contract. Then they modified it by withdrawing certain articles from the 20*s.* rate. That was what I had in my mind when I said it was subsequently modified.

4878. Is that in 1905?—Yes. You will find it on page 19 of the memorandum I put in.

4879. Memorandum "A" attached to the letter of Messrs. Freeland, dated 27th July, 1905. "The following "goods are excluded from the basis rate and come under "tariff (*a*) small parts of locomotive and carriage when "not accompanying same; (*b*) electrical, telegraph and "telephone instruments not being machinery;" These are all articles of some value, I suppose?—Yes.

4880. Then "Packages of high value at an *ad valorem* "rate of 25*s.* per cent?"—Less 20 per cent. discount.

4881. "That the minimum rate for signing Bills of "Lading be 5*s.*" These two contracts have been in operation until quite recently?—Yes, they are in operation still.

4882. They have been renewed, have they not?—Renewed from time to time. You will find in the letter, next to page 15, a further letter written on behalf of the Conference Lines dealing with that same question.

4883. That is the letter of the 12th January, 1906?—Yes.

4884. That is renewed for a further period of six months up to the 30th June, 1906. Then there are certain alterations. Goods are to be carried at the basis rate of 20*s.* a ton for these various ports?—There are further modifications. If this is compared with the original contract it will be found that it is very greatly limited—very materially limited. You will notice an item of considerable magnitude in shipping—that is galvanised iron—is modified. On page 16 you will notice that they say "not exceeding 4th class rate."

4885. Galvanised iron is very important, is it not?—There is a considerable quantity imported.

4886. "Not exceeding 4th class rate," what was it before?—It was at 20*s.*

4887. "Less the discounts applicable to this class, but "it is agreed that when the merchants' rates for this "article are lower, the Crown Agents are to have the "benefit of such lower rates, less discounts, provided that "such lower rates after the discounts have been deducted "do not bring the freight below the basis rate applicable "to the respective ports. Class 5. It is agreed that for "goods charged under this class, the freight is not to "exceed the rates chargeable under Class 4." Then they except coke and creosote by sailing vessels?—Yes.

4888. In these contracts generally you are to get the benefit of reductions to the public?—That is so.

4889. You do not know of any case in which you are paying a larger rate than paid by the public?—With the exceptions that I have mentioned, I do not.

4890. I think we must go back to these charges, 2*s.* 6*d.* per ton East London; 4*s.* Durban, and 6*s.* 6*d.* Delagoa Bay?—Yes; what happened with regard to Durban was this, that as the result of repeated representations the Conference Lines in that case, while they refused to consider either East London or Delagoa Bay, withdrew the 4*s.* charge to meet us, on condition that the sorting should be done by their own agents at Durban. Their own agents charge, rightly or wrongly, 2*s.* 6*d.* per ton for the services, although we are confident we could get that service performed at very much less cost. But the steamship companies say, with some degree of fairness I think, that it is necessary that one agent should be employed for doing all the work so as to expedite the landing. I do not think that is wholly unfair.

4891. Surely that is reasonable?—I would not say that is an unfair representation excepting that we think the 2*s.* 6*d.* a ton is too much.

4892. It sounds very reasonable for the convenience of business?—Excepting that we do think it is too high a sum to pay for the service.

4893. (*Sir John Macdonell.*) Was the 4*s.* also for landing, lightering and sorting?—That was the reason assigned.

4894. (*Chairman.*) You say "We do our landing at "Durban now. At East London and Delagoa Bay we "may do our landing only when the ship has a full cargo." That, I suppose, is reasonable, is it not? You do not pay the charge when you do your own landing?—We do not think it is reasonable. I have explained why I do not think it is reasonable at East London, because the Harbour Board does the work for the ship, for everyone Similarly, we do not think it is reasonable at Delagoa Bay, because under the Portuguese regulations they claim the right to have the work done by themselves at the cost of the ship. I am putting in a copy of the Delagoa Bay regulations in which this is set out. Owing to our relations with the Portuguese Government and as the result of certain rights we possessed as successors to the Netherlands Company, we are able to get this work done by the Portuguese administration at quite a nominal sum. We have been wholly unable to induce the steamship companies to explain why they should charge 6*s.* 6*d.* We get it done at 6*d.* plus the Portuguese charge to the steamship companies, which has lately been reduced from 2*s.* 4*d.* to 1*s.* per ton to the Conference Lines.

4895. 1*s.* 6*d.* in all?—Yes, and we have vainly asked why this charge of 6*s.* 6*d.* per ton was and is made. It was originally 7*s.* 6*d.* A great deal of correspondence took place in 1904, with the result that we received the assurance that we were incorrect in our particulars, but it ended in their giving us a refund of 1*s.* 2*d.*, which reduced the charge to 6*s.* 4*d.*, but you will find in the correspondence about the contract that I handed in, they said in effect, "We will not have any more discussion "about whether you will pay the 6*s.* 6*d.* or not, we will "include the 6*s.* 6*d.* in the freight to Lourenco Marques," varying to that extent the original contract entered into, and thereby, the Conference Lines no doubt considered they had closed the transaction. We were unable to

agree with them, because, knowing that we were able, if we were permitted, to perform our own services, we thought that a payment of 6*s.* 6*d.* per ton, simply for handing out the goods from the ship to us, was not a reasonable charge, knowing what we could do it for ourselves. When the contracts were renewed, we requested the Crown Agents—as you will find they did—to notify the Conference Lines that we were not satisfied with the position they took up, nor were we content to let it rest. The result of the negotiations that took place in July last about the renewal of these contracts, to which I propose to refer later, was that we gave notice to the Conference Lines that we thought their position as regards Lourenco Marques wholly unfair to this administration, and we looked to them to redress matters. They simply said in reply, "We do not intend to make any alteration." Our chief railway storekeeper, Mr. Sinclair, has gone to London, attached to the staff of the Agent General for the Transvaal, and as he was familiar with the facts, we requested Mr. Sinclair to point out the position to the Conference Lines, and to indicate that, in view of our position with the Portuguese Government, and in view of our knowledge of the reduction that the Portuguese Government had made to the Conference Lines of the wharf charge from 2*s.* 4*d.* a ton to 1*s.*, that obviously they could not expect us to let a question of that sort rest with simply the non-possumus attitude that they had taken up. I will put in a copy of Mr. Sinclair's letter. We told Mr. Sinclair that we had cabled pointing out that the reply the Conference Lines had returned that the difference was only 4*s.* was evidently a mistake, but they adhered at first to their view of 4*s.* in the discussion with Mr. Sinclair, until he was able to point out that they were mistaken. They said afterwards that they were mistaken and that they might consider this question when we renewed our freight contract at the end of March next.

4896. You say it does not cost them anything like this sum, and it is so much more on to the freight?—Our position is this, that having entered into the contract originally to receive cargo for us in the United Kingdom, to carry it out; that the arbitrary step of just adding any amount they like to that freight, for landing, is a position that we submit the Conference Lines ought not to take up, and we submit yet more strongly that there ought to be some redress as to the, I was going to say, "Stand and deliver attitude," or I should say, the arbitrary attitude taken of simply telling us that they intend to make that charge, and there is apparently no redress.

4897. They are making a bargain?—Yes, they are making a bargain, but they place themselves in the position of virtually having a monopoly and it is an uncontrolled monopoly. They are responsible to nobody.

4898. That is the general question which we are coming to?—Yes.

4899. You go on to say "In this connection, however, "a more serious consideration is that while the steamship "companies charge goods at certain class rates, both to "the public and to the Government, they do not issue a "classification specifying the various kinds of goods that "are conveyed under the several classes, and all efforts to "secure the information other than in general terms, "have so far failed. On being asked for a classification "the companies say that they have not issued one, because it "is so liable to alteration without previous notice, and "they do not think it advisable to do so. Correspondence "is submitted (Annexure "A") which the Commission "will no doubt regard as interesting if not as a signifi-"cant indication of the attitude of the shipping companies "in this respect." We have read that and we have also heard from other witnesses, as to this grievance that they cannot get hold of a classification at any time. You say you have not been furnished with one?—Not only have we not been furnished with one but the reply has been as indicated in the corresponence. I am not sure whether I have given in the correspondence one reply given to me, which was that they sent me a German-Australian classification and said that was about correct. I would put it to the Commission that it is a comparatively limited service to issue a notice to us to say that goods will be carried at certain rates under certain classes, if, at the same time, the information does not convey what goods are to be carried under the various classes.

4900-1. Do you issue notices about the classification in the railways?—Oh, yes.

4902. Do you often make changes in classification?—We do, but we always give public notice of the alterations.

4903. In what form do you do it. Do you publish supplementary lists every week or when you are going to make a change?—We publish a joint tariff book applicable to through traffic throughout South Africa. I will put in a copy of that. If there is any alteration in the rates, or if the goods are transferred from one classification to another, we publish it in the Government Gazette and in the local newspaper. We issue this book quarterly, or we did at one time issue it quarterly, but when we have not done so, we have periodically issued printed supplements in addition to issuing the notice in the Government Gazette and in the newspaper. We consider, rightly or wrongly, that it is not open to us to make any other charge than what is set out in our published tariff book, unless we have notified the alteration publicly. It would be impossible for us to carry on our business in any other way.

4904. (*Sir John Macdonell.*) Is that a statutory provision?—I am not sure whether it is statutory; I almost think it is in the Railway Regulations Ordinance, but it is such an ordinary course of business that we do not stop and inquire whether we are legally bound to do it or not.

4905. (*Chairman.*) You think the shipping companies, although not legally bound, ought to do it as a matter of business?—I think they should be legally compelled to do it. I do not see that there is any escape from it, seeing that they are public carriers; and seeing the conditions under which they are public carriers I think they should give notification to the public as to the classes under which they carry their goods.

4906. The Crown Agents do not seem to think that they should do anything for you in that respect?—I should like to call the attention of the Commission to the somewhat despairing letter that we have received from the Crown Agents. (*See Appendix XXVI.*)

4907. We observed the note of despair?—The Imperial Government with all its resources behind it simply says "I hope your successor will be more successful than we "have been."

4908. In this paragraph you refer to the question of the railway company which would certainly have to publish this information?—I think that has only to be stated to be realised.

4909. You do not see that it could be any more trouble for the shipping companies to publish this than it is trouble for the railway companies to publish it?—I do not think it ought to be; and even admitting it were, it seems to me that they, as carriers, have a duty to the persons they carry the goods for to let them know and let all the world know in what class a particular article is carried.

4910. They are not under statute. They have not a monopoly by law?—They may not have a monopoly by law but they have in practice.

4911. That is a matter of opinion, but they are not in exactly the same position as a railway company?—In the result I think they are.

4912. With regard to the question "Whether regular "sailing and stable rates are regarded as essential or "desirable by the Government from the point of view of "administration, and if so, whether such regular sailings "and stable rates are in the opinion of the Government "only obtainable under the rebate system?" you say "Regular sailings and stable rates are desirable though "stable rates are not so important to the Central South "African Railway as is probably the case with merchants "who are regular importers"?—I have read some evidence that has been given by the merchants and think they have rather understated the value of stable rates and reasonably regular sailings. So in our case. It is distinctly desirable to have both, but from our point of view, as we have to do certain work and have to make certain purchases for the carrying out of that work, more or less irrespective of what the cost of the article is, it is not essential to us, more particularly as we keep in stock a considerable quantity of our requirements which are special in their character, and therefore can purchase them at the time, within certain limits, when the prices are favourable and also the transport is favourable.

4913. But you do not want to have to keep large stocks?—We do not want to do so. The only point is whether it is cheaper for us to pay the interest on the capital outlay that is lying idle for the moment than to pay the higher price and the higher freight. It comes to a matter of calculation, but we would distinctly prefer regular sailings and stable rates.

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4914. You get this advantage and the merchants get this?—We get it at present.

4914a. The service is excellent, I suppose you will admit?—I think the service given by the Conference Lines—the passenger service given by the Union-Castle Company in particular—is not only excellent, but has kept pace with the requirements of South Africa. I feel I am able to speak with some knowledge on that subject because it has fallen to my lot to travel with practically all the great steamship lines running, and the South African service—I wish to bear testimony to this in view of my criticising some of their charges—is everything that could be reasonably expected for this country.

4915. Would you go further and say that it is too good—that the service is too frequent?—I would say that with regard to the mail service, on the whole it is not too good. With regard to the other services my impression is that there are too many steamers running for the cargo now to be carried.

4916. That is what we have heard from several witnesses?—I think I ought to qualify that to this extent, that while I believe that is so, I believe that one of the difficulties of the position is that there are too many steamers running and, rightly or wrongly, these steamers are being run with insufficient cargo; yet I recognise that the steamship companies have this rather serious difficulty; there is an increasing quantity of wool to be carried from South Africa to the London markets, and I think the pressure is very great during the wool season to get that wool away very quickly. We hear a great deal about there being no cargo going from South Africa, and I think that is spoken in quite a figurative sense, because I do not think the steamship companies would like to have to miss the wool and other produce they have to take from South Africa.

4917. That is only during the season once a year?—There are two seasons. It is a six months clip. In addition I do think the pressure on the steamship company is very considerable to get the wool away during those two seasons, and in wool I include skins, hides, and horns.

4918. I suppose you look forward to a considerable increase in the export of wool?—The increase in the export of wool is noticeably rapid, and we are looking forward not only to having an increased export of wool, but we have a growing export of base metals.

4919. That is from the Transvaal?—That is from the Transvaal.

4920. How does that go? What line does it go by?—Most of it goes from Lourenco Marques, and I am glad to think that most of it goes to Swansea. Some of it goes to Hamburg.

4921. You think that will increase?—I think there is no doubt that that will increase.

4922. Then comes the question about "Whether it "would be practicable for the Government to make "arrangements for the shipment of their goods by "chartering steamers in the open market?" You say "It is considered practicable for the Central South "African Railway, in conjunction with the other railways "and Government Departments of the South African "Colonies, to make arrangements for the shipment of "their goods by chartering steamers in the open market "and steps to this end are now being taken"?—What happened with regard to that was this. About June of this year the Conference Lines gave us notice that this contract in its modified form was not going to be renewed. They had at the same time altered the steamer freights to South Africa. I shall refer presently to the action taken with regard to the alteration in the steamer freights, but there was a conference of the Prime Ministers which took place at Bloemfontein to consider the action which should be taken by the Cape, the Orange River Colony, the Transvaal and the Central South African Railway administration in regard to the alteration of public freights and as to the conveyance of their own cargo. As an outcome of the decisions come to by the Prime Ministers a meeting of the representatives of the several interests was held in my office in the middle of July, in regard to the conveyance of Government cargo, and we came to the decision, which was confirmed by the Governments, to stop our shipments by the Conference Lines and to call for offers for the conveyance of our goods to South Africa. The Cape Agent General was appointed, in consultation with the other representatives, to be the medium for calling for tenders. Tenders were called for, and in the interval the representatives of the Conference Lines, having learned of our concerted action, went to the Cape Agent General and offered to renew voluntarily the previous contracts on terms more favourable than the two-years contract that had been entered into with Natal independently. In the meantime we received offers for steamers to be chartered at an all-round cost of 22*s.* 6*d.* per ton dead weight calling at three ports in England and discharging at three ports in South Africa. The Cape Agent General was in favour of accepting the Conference Lines' offer, but we had a good deal of doubt in South Africa as to which was the best to accept. After a good deal of consideration and with some hesitation we determined to accept the offer of the Conference Lines to continue the conveyance of the goods until March next, but in the meantime we have determined to take stock of the whole position and decide whether it is better to continue to renew our contract on some such lines as at present obtains, or whether we shall call for fresh tenders, but our experience has satisfied us that if necessary and we continue our concerted action we can secure independent freight on quite favourable terms. (*See Appendix XXIX.*)

4923. In all this I suppose you have been looking at the interests of the Governments and the railways entirely?—Yes.

4924. Not taking into consideration the question of the public in South Africa?—I do not think that would correctly represent the position. Our main object in dealing with the question in the concerted manner that we did was to deal with Government freight, but we did not consider—and I do not consider still—that in acting as we have done we have in any way prejudiced the merchants.

4925. You are aware, I suppose, of what went on at the London Conference a year-and-a-half ago, when the Governments were prepared then to make an arrangement which would have guaranteed all the Government freight taken by these steamers, and would have obtained reductions in the rates, not only for the Government, but for everybody else?—I am aware of the negotiations which went on, and which were not concluded in London, and I also recognise that if, as the result of concerted action between the Governments and the merchants, lower freights could be secured all round, it then becomes a public duty to join with the merchants; but as things are to-day, there is no probability of the merchants securing lower freight, because the Government pay higher freights: indeed, the question we had before us when we considered this matter was not that the merchants were going to get lower freights, but that we were going to pay higher.

4926. Under the contract offered to you?—Under the contract at first offered to us, yes.

4927. There was no question about what the merchants should pay?—No. They simply notified to us that we should have to pay the higher freight. The public had been told what freights they were going to pay.

4928. Would it have levelled you up to the public freight?—Yes. They gave us notice that they were going to charge us the full public freights, unless we chose to take advantage of the rebate, when we should secure the rebate. We considered that offer, and we came to the conclusion we could do better, and we were right in our impression.

4929. You would have been under the rebate system?—If we had chosen to accept, yes.

4930. Do you think that the Governments should have lower freights than the public?—That is a subject very much debated in South Africa. The merchants consider "No." The Administrations—at all events, so far as I am able to speak on their behalf—say "yes." Our reasons for our feeling that we ought to have lower rates or, if necessary, act independently of the commercial community, are two-fold: first of all, in addition to our requirements being in the majority of cases special, we usually ship in very considerable quantities: in the next place, our work is not for commercial purposes. We do not import for the purpose of making a profit, but we import for the carrying out of public works, and I th nk the Government that does import for public purposes is in a different position as regards those goods from a merchant who imports for profit.

4931. Would you include municipalities in that argument?—Yes, I would.

4932. Importing large quantities and for public purposes?—I would include municipalities, and I would include yet more emphatically Harbour Boards.

4933. Then as regards Question 5, "What course has "been adopted by the Government when an opposition "line has been started?" You refer to what you did in the Houston competition, and you state, "The course "adopted when an opposition line was started was to "obtain competitive offers from the Conference and "opposition Lines, and, finally, tenders were publicly "invited for the conveyance of Central South African "Railway, Transvaal and Orange River Colony Govern- "ment Stores to South Africa. The practical effect of "calling for such tenders appears to have been the absorp- "tion of the opposition Line by the Ring, for no tender "was received from the opposition Line, and shortly "afterwards it was publicly announced that the opposition "Line had been admitted into and had joined the Ring. "The effect of the competition by the opposition Line "being started has, however, been lasting, for the result "of the negotiations which followed was to secure, under "a contract, entered into in the beginning of 1904, lower "rates of freight than obtained prior to the competition, "and these rates have been maintained with few altera- "tions until June 30th last?"—Yes. What happened in that case was this. The Houston Line made overtures first of all to the Table Bay Harbour Board, of which I was a member at the time, and to the Cape Government, in whose service I occupied the same position as I do in that of the Transvaal Government. They offered us very low freights for a term of years.

4934. Some considerable term of years?—The term was to be a matter for negotiation. The Cape Government seriously considered it, but just about that time I came up to the Transvaal, and these offers were renewed, first to Sir Percy Girouard and then to myself, for the Central South African Railway supply. I had ascertained in the Cape that we were dealing with a firm of substance who could carry out their engagements if entered into, and in consultation with the late Commissioner, Sir Percy Girouard, I said that I thought we ought to seriously consider the offer in connection with our contract with the Conference Lines, and after a good deal of discussion my advice was acted upon of calling for tenders. I will not say it was the effect of our calling for tenders that led to the subsequent action; I will only say that the result almost immediately afterwards was that Houston became a member of the Conference Lines, and I would say that as a consequence, when our contracts were renewed, they were renewed on terms more favourable to the Conference Lines as will be indicated by the papers I have handed in.

4935. Then with regard to "Whether it would be "possible for the Government to use their shipments and "mail contracts as a means to obtain better terms for "merchants?" Those are two distinct questions. The question of using your shipments is rather different to the one about using your mails?—I am not able to add anything to what I have said in my memorandum on the subject. I adhere to my views there but I do not add to them.

4936. Is there anything in addition which you would be glad to say to us without its being published?—I do not think so: I have nothing to add to that.

4937. You say "There can be no doubt that the grant "of a substantial subsidy to a steamship company for the "conveyance of mails does give the company a prestige "and a general sense of security to itself as well as in the "public mind, besides being the means of attracting other "valuable traffic that places it in a commanding position "for purposes of competition as well as for forming both "the nucleus and exercising the controlling voice in the "formation of a combine." You say this upon the argument as to whether the mail subsidy ought to be used?—It is open to discussion whether it ought to be used. I have no doubt in my own mind that the possession of the prestige resulting from being the conveyor of His Majesty's mail does give quite a commanding position.

4938. Are not they two very different things? You want to get your mail as well done as possible for everybody who sends and receives letters? Ought you to limit that by the consideration whether this shipping company satisfies merchants who import or export?—*Per se*, probably not, but we are now dealing, as I take it, with the facts as they are; and in the same way that the steamship company do quite fairly take advantage of every opportunity open to them, it becomes a question whether or not, as we do give a very substantial advantage by way of public advertisement and in other ways, that is a consideration which ought to be taken into account in connection with any negotiations. If you will allow me, I am not open to say whether we ought to do it or not.

4939. You say "South African experience for a "generation and more confirms this. Whether it should "be made a condition of granting a mail subsidy that "certain freights should be charged to merchants for the "conveyance of their goods is open to argument. But "it seems perfectly reasonable to make it a condition of "the granting of a mail subsidy that the company "receiving it should be subject to control in regard to "freights charged and the differentiation made in freights "to the several ports, and should undertake to abide by "the decision of the authority appointed to consider and "decide such questions on reference to it and before "which authority both parties to the difference to have "the right to appear. It is the undoubted South African "experience that the rebates as at present applied create "an uncontrolled monopoly, and uncontrolled monopolies "are not desirable." That, I suppose, is your recent opinion?—That is the view I take. I have offered no opinion yet upon rebates, but I do offer an unhesitating opinion that if a virtual control of the carrying trade—I prefer that term to the term monopoly—is secured, if that is to be an irresponsible control and there is no authority that can direct it, then a serious, if not a dangerous, state of affairs is created; and my case is that if you engage a firm for the carrying of your mails and you give them the prestige resulting therefrom, it is not unreasonable to expect in return that the conveyor should be required to be under some authority.

4940. I take it that you are in favour of control. You do not say anything about the abolition of deferred rebates?—No. What I would say with regard to rebates is this, that it does not seem to me to be unreasonable on the part of a carrier to say to two persons, one of whom has determined to send all his goods by that conveyor and the other claims liberty just to send when he likes and only when he likes—that it is not unreasonable for that carrier to say that he would make a difference between the person who sends everything by him and the one who makes a convenience of him. It seems to me that that is quite an ordinary business practice. For instance, on the railway we issue season tickets to persons who travel regularly at a lower rate than we do to a single-journey passenger.

4941. (*Sir John Macdonell.*) But on the railways you have no such practice applicable to goods?—No. It has been laid down in this country that there shall be no difference. But with regard to goods, the position is in the majority of cases different to passengers in a way because they practically must send all their goods for any long distances by railway. Then, if you take a yet more homely illustration, at hotels where they keep boarders a monthly boarder pays less for his food than a man who takes an occasional meal. I therefore do not think it is unreasonable myself—I am now speaking for myself—to make a difference in the charges. But what does present itself to me as so grave a state of affairs is that the steamship companies—the Conference Lines—really have secured a monopoly, and that it is an irresponsible monopoly. I have pointed out to this Conference that we as a Government have done our best to secure redress, that we think it is perfectly clear redress ought to be provided; we have failed to secure that redress, and there is no authority that we can appeal to, to put it right.

4942. (*Chairman.*) Do you mean redress as regards your bargains with the companies or redress for the public?—I am dealing with the matter as an Administration. If we as an Administration, with all our resources and our knowledge how to proceed, fail to secure redress what is the fate of the ordinary shipper going to be.

4943. Do you not think you have shewn you have a good amount of influence with the companies? When you threatened to charter your own ships they have come down?—What happened with regard to that is that, with the exception of Natal, all the Governments of South Africa proceeded to combine. But ought it to be necessary to secure redress of obvious grievances, that so serious a step should be taken to bring it about?

4944. Would you set up a sort of Board of Control with the various interests included on it?—No. I think what is wanted is that the carriers should recognise the fact that the consumer in South Africa in the last resort is the man who pays them for the services they render, and that that same consumer should be in a position to secure from the carrier the same redress that he is able to secure from railway companies in England, which are private corporations, and the railways in South Africa, which are possessed by the Government.

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4944a. You recognise the difference of position between the railway companies, which are actual monopolists with respect to the districts which they serve, and the shipping companies, who, though they may be to a certain extent monopolists, are not actual monopolists?—By the position that they have created they have a virtual monopoly, and it seems to me to be only a difference in name.

4945. (*Sir John Macdonell.*) You would say "Monopolists in fact, though not in law"?—Yes.

4946. (*Chairman.*) Then you say "That the people of "South Africa will be content to allow for all time or "even indefinitely the vital interests involved in the "transport of goods and passengers to the interior districts "and Colonies and to influence the routes the traffic "should follow to be controlled by an outside and virtually "irresponsible authority, is not in accordance with their "character or reasoned experience. A simple test to "apply is to assume that the union of the Colonies has "been effected, and if the Conference Lines were to "differentiate in the rates to the several ports in a manner "that was considered prejudicial to South African "interests means would be taken in South Africa that "would put it out of the power of the Lines to continue "to act in such a manner, and what has taken place "recently indicates that the representatives of the public "interests, with the full approval of the peoples of the "Colonies, are in the mood to take such steps without "waiting for the formal union to be proclaimed. The "British people have made provision for such conditions "in the case of their railways by way of establishing a "Railway Commission, and have endowed it with authority "to enforce its decisions. It is infinitely better to frankly "recognise the position in this respect as regards over-sea "steamer freights to South Africa. When it was estab-"lished that there was an impartial authority in South "Africa to which both sides could appeal, the result would "not work out unfairly to the steamship companies and "their position would become more secure than it is at "present." That fore-shadows in your mind some controlling authority to be set up, does it not?—Yes. What I wish to convey, and perhaps you will allow me to supplement what you have read by saying, that my experience of South Africans—and my experience covers practically all the commercial communities and the agricultural communities south of the Zambesi, with the exception of Natal and Beira—at one time or another I have had to deal with them all, and I have had to deal with them in storm as well as in sunshine—and my unhesitating opinion is that these people of South Africa have no wish to be unfair: they have no wish to have their freight carried for them below what it ought reasonably to cost. But it is also my conviction that unless some redress is forthcoming and unless they are heard, as the people whose goods are carried and who pay for that service, they will not rest content until that remedy is provided.

4947. You never thought of going a degree further and that the Government should charter ships not only for their own goods but for the public generally?—I have heard that subject raised frequently. It has been raised in Natal. I am entirely averse to a Government undertaking a work of that sort outside its own country. The country may be driven to it as the only recourse to secure a remedy, but personally I would not advise any such heroic action.

4948. You would sooner see a system of control tried before that?—I think so.

4949. In conclusion you quote a very interesting incident about the charges for conveying thorough-bred live-stock, and you give the figures on which I will ask you a question or two. You state "The attention of the "Commission is invited to the extent to which owners of "thorough-bred live-stock in Great Britain suffer in com-"petition with stock owners in Australia and Canada, "owing to the serious differences in steamship freight "rates to South Africa from the three countries named. "Apart from the disadvantage at which the British stock "breeder is placed, the South African farming community "suffer in consequence of the restricted area from which "they can draw their breeding stock, owing to the high "freights charged from Great Britain." Is it a fact there are such great differences between the charges of Canada and Australia?—Those are the actual charges on the consignments specified. (*See Appendix XIV.* (*b*).)

4950. I notice in the Canadian statement "Dairy "cows, 51 head, ocean freight £3 10*s.*, feed on voyage "£1 14*s.* 6*d.*" It is a large number. It works out to £5 4*s.* 6*d.* per head?—Yes. The figures are furnished to me, and they do have the disadvantage of quoting different numbers of animals. The only reason why that is given is that they represent the actual freight carried. These are actual transactions.

4951. In Australia you have 1,000 head, and over, of sheep carried at an average per head of 18*s.*, including feed and attendance on the voyage, as compared with the rates quoted from the United Kingdom—for, I suppose, valuable pedigree stock—of 1 to 5 head, £5 per head; 6 head, and upwards, £4 10*s.* per head. Would the animals be pedigree stock in all cases?—I should imagine that the 1,000 sheep from Australia would not be pedigree stock. I am not certain, but I should say they would not be. But I have no reason to think that if the 1,000 had come from Europe the charges would have been materially lower than the rates quoted in the statement submitted.

4952. Is not there a great difference in the values, these from Europe being very much higher than these from the other two countries?—I should say the Australian sheep were selected sheep; that while they would not be pedigree stock they would be selected sheep.

4953. I suppose you want good stock in this country. We are told so by your Stock-breeders' Association. (*See Appendix XIV.* (*a*).) You want to import a good pedigree stock?—The purpose of bringing this forward is to indicate the desire of farmers to secure good stock and at the same time to indicate their desire to get that good stock from Great Britain, but owing to the charges that are levied they are so seriously disadvantageous to Great Britain that they are driven either to Australia or to Canada. We have omitted any reference to the extent to which they have been driven to South America to secure some of their stock.

4954. They get a great deal of pedigree stock second-hand from there?—A great deal of pedigree stock from South America, especially in the shape of horses and mules.

4955. Do you know whether this case has been brought before the Conference Lines seriously?—No, I do not think so. The information has only just been given to me, and I lost no time in bringing it before the Commission. It is an example of the extent to which Great Britain is suffering by the freights in some respects.

4956. (*Sir John Macdonell.*) I have a question or two about the port charges to which you referred. In the agreement of 1904 the charges which you mention are stated?—That is so.

4957. You entered into that agreement with these charges before you?—We did.

4958. But, notwithstanding that, you say that when looked into they are unfair?—We do not regard them as reasonable.

4959. And, as I understand, what you say with regard to the charges at Delagoa Bay, is, in substance, that you are charged for what in railway language might be called terminal services something like 6*s.* 6*d.*, when, in point of fact, you could perform the terminal services for 1*s.* 6*d.*?—1*s.* 6*d.* at present; 2*s.* 10*d.* previously to the 1st August.

4960. That is what I was coming to. You would make a qualification and say, that in the past, before the Portuguese Administration made this reduction, a reasonable charge would be somewhat higher than 1*s.* 6*d.*?—Yes.

4961. In regard to the other ports—the port of Durban—that has been entirely withdrawn?—The 4*s.* has been withdrawn as the result of continual representations, but they require us to employ their agents at a cost of 2*s.* 6*d.*

4962. Might I ask whether in any of the letters to which you have referred, on the part of the Conference in answer to your complaints, grounds are stated for the continuance of these charges?—I shall put in a letter, and it constitutes the only letter that I am able to recall, where they explain that at East London in 1904 they very often had to lighter the goods, but they have ignored what has passed since 1904. The same thing occurs with regard to Lourenco Marques.

4963. Still, it is not the case that all vessels belonging to the Conference are able to pass over the bar at East London and discharge their cargo alongside?—So far as I know, all the vessels conveying cargo for this Administration come alongside, with the exception of the mail steamers.

4964. The mail steamers as a rule do not convey your class of goods?—I should say, practically, none of our goods are carried by mail steamer.

4965. I suppose you would cite this correspondence that you have had with the Conference Lines as an example of what, I think you call, the somewhat arbitrary action on the part of the Conference Lines?—That is the intention of bringing it forward.

4966. And your argument with regard to this point, as far as I understand it, is, that if you, acting in the name of the Transvaal Government, could obtain no adequate redress on a matter of this kind, a single individual is not likely to obtain any?—That is my point.

4967. You have expressed, as other witnesses have expressed, a very high sense of the excellence of the services rendered by the Conference Lines generally?—Yes.

4968. You also state that you speak particularly of the mail steamers?—Yes.

4969. Has there been in recent years any improvement in the time occupied by the mail steamers in conveying mails from England to South Africa?—My recollection is that the present mail contract is less in time than the previous contract, in the same way that the previous contract was less than the one before that.

4970. Do you speak on that subject with certainty? I am not in any way making a suggestion one way or the other?—With fair certainty. My impression is that the facts will be found to be as I say.

4971. I am only anxious to elicit the fact. You think there has been, so far as the conveyance of the mails is concerned, an improvement in point of time on more than one occasion?—That is my impression. I would also supplement it by saying that the steamers known as intermediate steamers of the Conference Lines—and particularly those of the Union-Castle Line—are excellent. I have travelled by one, and I can testify as to the excellence of the accommodation and of the service.

4972. You have been asked as to whether you are in favour of the preference in point of rates given to Governments and municipalities, and you think, on the whole, that that preference is justifiable?—I think so.

4973. Must not the tendency of that preference, whether justifiable or not, be on the whole to tend to enhance the rates paid by other customers of the Conference Lines?—That is a fair inference, and if it could be shown in practice to have that effect, by substantially reducing rates all round, then the Government would be justified in reconsidering the position.

4974. I am putting it to you as a man of business whether, if a carrier gave a somewhat low rate to one class of customers, the tendency—nay, almost the certainty—would be that he would enhance the rates of other customers?—That is a fair inference, but I should prefer the inference being reduced to financial confirmation before I would advise any departure from the present arrangement.

4975. I will not put it higher than this. Would it not be a natural expectation that that would be the result?—It ought to be.

4976. Might it not be said that the high rates, if they be high, charged by the companies are, to some extent at all events, attributable to the preference which is given in regard to rates to both Governments and municipalities?—I am unable to feel that it has had that result.

4977. When you say you are unable to feel, you are not certain that it may not have been the consequence?—I think it is unlikely.

4978. On what do you base the unlikelihood?—Because of our most recent experience, if for no other.

4979. What recent experience?—The Conference Lines intimated their intention if they had been able to do so to increase our rates. They never gave the slightest indication that the merchants were to have any lower rates. On the contrary, they increased our rates simultaneously with the rates they published for others.

4980. Is that fact to your mind a sufficient proof that there might not be the tendency which I have put to you?—I have seen no sufficient indication to induce me——

4981. It is only your view I want to elicit. There are only one or two other matters on which I should like your opinion. You have stated, and stated emphatically, that you think there ought to be a classification?—Yes.

4982. Do you think the reasons that have been put forward in that correspondence, namely, that there are alterations from time to time, are any sufficient reasons for the absence of a classification?—I was unable to regard them as sufficient.

4983. You, in railway administration, have to experience exactly the same kind of difficulty, I presume?—We have.

4984. And you, with railway experience, have overcome these difficulties?—I have indicated how we do it.

4985. Might I ask whether, in your view, if you have examined the matter, the charges for merchants are, speaking generally, excessive?—The test I am able to apply to them is two-fold. First, the rate at which we have recently ascertained we can secure cargo——

4986. I think you stated that was 22*s.* 6*d.*?—Yes, dead weight. The next is the rate at which cargo is carried to South Africa from other places than England.

4987. Dealing with the first reason for the moment. As you have pointed out, your shipments are shipments in almost all instances of considerable quantities?—That is so.

4988. Which makes, I presume you will admit, a difference between your shipments and the shipments of the ordinary merchant?—That is true, but only very recently I have received information that if we were willing to join with the merchants in undertaking to convey goods by a steamship line that was offering, and we would enter into that agreement for a term of years, we could secure all our freight at 20*s.* a ton dead weight to any of the ports. When I tell the Commission that under this contract that we have with the Conference Lines only a relatively small proportion of our goods come at the 20*s.* rate and that the remainder has to pay the very high relative rates, the Commission will appreciate what a substantial saving it would be to us to secure an all-round dead weight rate to any port of 20*s.* a ton. We have not sufficiently tested what we can secure, and consequently what the public can secure, with a freight for a term, but I am bound to say that all the probabilities point to securing a lower rate of freight than is chargeable at present.

4989. That is your first reason. Then you gave a second reason, which you had just begun to state when I interrupted you, based, I think, upon the experience of freight from other countries?—I think it will be admitted that in connection with Australia there is no present trade and no prospect of future trade from this country to Australia other than such passengers who may be returning to that country. But, notwithstanding that, I find that the rates that are publicly announced as obtaining from Australia to South Africa are these. It is in a circular issued by Arkell and Douglas, of Melbourne and Sydney. It is a monthly report for South Africa, dated 1st August, 1907. They say their freight rates are to Durban, 20*s.*; for large parcels, 18*s.* 9*d.*; to Cape Town, 20*s.*

4990. (*Chairman.*) Is that dead weight?—It does not say. To Delagoa Bay, East London, and Algoa Bay, 22*s.* 6*d.* I must say those rates compare well with those charged by the Conference Lines from Great Britain.

4991 (*Sir John Macdonell.*) To what class of vessels does this tariff apply. You do not know?—It says the mail steamers are taking cargo to Durban and Cape Town at low rates.

4992. You have no practical acquaintance of these steamers?—Yes, I have. I have travelled in them from Cape Town to Australia. The White Star Line of steamers are quite good. I am not talking about the newer, large ones that have been put on of late. The other lines of steamers are not so good as those trading between South Africa and London.

4993. It being your opinion that the charges are excessive, do you think that they appreciably affect to the consumer the cost of living in South Africa, and particularly here?—Whatever freight is charged does

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ultimately fall upon the consumer to bear, and whatever reduction in freight is made, either on the railway or the steamers or in Customs, does ultimately reach the consumer.

4994. Do you find from your experience of railways that a reduction of freight passes sooner or later wholly to the consumer?—Immediately it does not, but in the comparatively near distance of time it does.

4995. I presume I may take it that the railway charges are far in excess of the ocean freight in regard to most articles?—They are higher to the Transvaal than the ocean freights, but the ocean freights as published do not represent a fair measure of their real charges. In support of that statement, perhaps you will allow me to give now what I had intended to give later. Taking articles weighing 3 tons and over, the contract rate originally entered into with the steamship companies was 20*s.* a ton. I shall put in a case where a steam roller for the Administration, weighing 5 tons at 20*s.* a ton, for merely handing that from the vessel to the Administration was increased to 40*s.* a ton at Lourenco Marques, where, for some unexplained reason, higher charges are made for lifts exceeding three tons than at the other ports.

4996. This was a case of heavy weights, was it not?—It was 5 tons. Our experience is that in an article of that sort we could load it and offload it as a station where there was any facility for doing it, as there is at Lourenco Marques, quicker than we could deal with 5 tons of general cargo. I pointed out that in the case of measurement weight cargo the average —steamer tonnage charge for the cargo does not compare favourably with the land calculation for actual weight—the average addition of measurement weight means an addition of 72 per cent. or more in the average. That means that for a charge that is ostensibly 100 lbs., and would be 100 lbs. on the railway, the charge by steamer for those same goods based upon their measurement rate is 172 lbs.

4997. I see your point as to the two classes of goods—heavy weights and also as to measurement goods—but dealing not with those two classes of goods but dealing with ordinary goods—provisions and the like—may I take it to be correct that the railway charges are not merely greater, but very much greater than the ocean freights?—Very substantially greater. The comparison you have to make is this, that even with groceries, as you have mentioned, you will find that quite a large quantity, if not the bulk, of that class of goods comes by measurement rate. But you have to remember, further, that so far as the railways are concerned, all experience is that sea freight, as compared with land freight, is vastly different.

4998. I am not forgetting that point. May I take it that, excluding the two classes of goods to which you have referred, and directing your attention specially to provisions and the like, the charges for conveyance from the coast to the interior are far in excess of the ocean freight?—They are higher.

4999. In some cases do they not amount to as much as twice or even three times as much as the ocean freights?—Yes, I should say in quite a number of cases to twice or three times as much.

5000. And, therefore, in drawing attention to the effect of the cost of transport upon the cost of living, you would admit that great care must be taken to discriminate between the effect of the railway rates and the effect of the ocean freight?—I think it is quite fair to bring under notice that the cost of living in the Transvaal is affected by the railway rates in the same way as it is affected by ocean freights, be they high or be they low.

5001. I do not want to travel much into this subject, for many reasons, but may I take it that, as compared with rates charged by railways in other countries, the railway rates here are unusually high?—I am not prepared to agree to that.

5002. It is only a question?—May I say that there is a very general impression that that is so, and I may say, again, I do my best to disillusion people by calling attention to rates in other countries besides South Africa, and I do not find we suffer by comparison when we get to bed-rock.

5003. Can you, from your experience, tell me whether it is usual in railway administrations to give special terms for Government goods?—Yes. It is the custom in Great Britain.

5004. For Government goods of all kinds?—I deal with goods that would probably be carried very largely, and that is Imperial military traffic.

5005. Including stores of all kinds suitable for, say, the Post Office and various other departments of that sort?—I was dealing with the military traffic. One of the reasons why the Imperial Government have claimed special rates in South Africa is because the practice is followed throughout Great Britain.

5006. Putting aside for the moment the case of military stores and the like, is it customary to give specially lower rates for goods belonging to Governments intended to be used by the Post Office or other similar departments?—I am not able to recall now the practice in England, because I have left the country a good many years ago, but my recollection is that it is the practice. It certainly is the practice in South Africa—and throughout South Africa.

5007. I will not ask you any more questions upon that point, but there is a matter upon which I should like to have a little further information from you. Do you think that, in fact, there is, as regards the trade in most articles between England and South Africa, a monopoly in the ordinary sense of the term?—I think so, practically, in the matter of steamer freight.

5008. The ordinary trader has not, as a business man, any choice as to sending his goods?—The proof of it is by actual experience.

5009. I understand that that being so, you desire some form of control?—I think it is not only desirable but it is dangerous to continue without it.

5010 And in your interesting brief, you have used some phrases such as these, "a reasonable control" and "control by an impartial authority"?—Yes.

5011. Would you assist me to get at some idea of the shape that control is to take?—What I had in my mind is some such authority as the Railway Commission in England, where both parties would be able to proceed to state their case, and having stated their case, have a decision given that must be respected by both.

5012. I have before me the Act creating the Railway Commission as it now stands, and as you have evidently very carefully considered the matter, I would like a little further elucidation of your opinions. In the first place, is there to be a judicial body?—It would have to be quasi-judicial in the same manner as the Railway Commission.

5013. It is, as you say, quasi-judicial; there is a legal element and there is a business element. Is this body, in your view, to sit in South Africa?—I am quite clear in my view that South Africa is a better place for that body to have its habitat, and if you will allow me I will give you an illustration, arising out of the recent consideration which has been given to the subject, why the authority to decide should be located where the traffic is really created: When the Conference Lines notified their differentiation in the steamer freights, which took place as from July 1st, and the inland Colonies heard of the intention for the first time by the notifications in the public press, the Transvaal Government, through its Agent-General, desired to be informed by the Conference Lines whether they had considered the effect of their action, and whether they had given any notice of their intention to the Transvaal Government or the Orange River Colony Government, and the reply received, which, with your permission, I will hand in, is quite instructive. (*See Appendix XXVII.* (*c*).) It said that they had not been consulted; that they, the Conference Lines, were not concerned in railway rates, and that they had heard there was going to be a Conference at some future date, and no doubt the Transvaal and Orange River Colony would be represented at that Conference. The position in South Africa is this, that more than half the over-sea goods are consigned to and used in the interior Colonies. Of the goods from over-sea that come into the coast Colonies, a very large proportion are destined for the hinterland of those coast Colonies. I would put it to the Commission, if the conditions had been reversed, and South Africa had treated England in that way, what would be thought of the carrier who not only treated the consumer—the man who finds the money for buying the goods—in that way, but actually told him what he thought of him. I will put that letter in because it will rather indicate why it is that I feel that if this thing is to be settled at all, the people

dealing with it should be where they can drink in the facts as they present themselves.

5014. You use that fact not merely as showing the gravity of the question to South Africa, but as showing also that the site of the tribunal should be in South Africa?—Where the traffic is both bought and used. This letter from the Conference Lines, to which I have alluded, is dated the 3rd July. The substance of it was cabled to South Africa. The Cape Parliament was sitting, and there was a crisis on. The Natal Parliament was sitting, and the political position there was very little better. The Transvaal Parliament was having its First Session, and things were not particularly comfortable. On the 6th July the Premiers of all these Colonies met at Bloemfontein. The same day they came to a decision, which was not only swift but resolute, that the freight alterations that had been made by the steamship companies were to be neutralised by their action, and—what is more—Natal and the Portuguese Administration and the Central South Africa Railway Administrations paid their quota to the Cape of the rebates they were authorised to make so that the position might be maintained.

5015. That, you would say, showed not only the close interconnection of ocean traffic and railway rates, but it showed also the gravity of the matter to all South Africa?—Yes, and what I want to urge upon the Commission is this, that it is not wise to perpetuate a state of affairs which occasioned such a course of action. If I were a shareholder of the Conference Lines I would deem it my duty to call the attention of the Directorate to the fact that it is not wise to disregard such a condition of things, and I do venture, as a citizen of the Empire, to suggest that now that the Imperial Government are looking into the matter they should not overlook action of that sort taken by them so quickly and at such a time.

5016. I do not want to interrupt the trend of your thought in regard to this matter, but for the moment I should like to take you back to the point which you were upon, namely, the constitution of this proposed tribunal. You say it should be on the lines of the Railway Commission, that it should sit in South Africa, and that it should be of a quasi-judicial character?—Yes.

5017. Have you considered what powers this proposed tribunal should possess?—I think the powers are rather well indicated in general terms by the Railway Commission itself. They are tolerably undefined. I think I am right in saying that. They do not descend unduly into details, but they give the general idea of what is in the minds of the people.

5018. I am not quite at one with you in regard to that. There may be such powers as you may indicate, but there are also certain powers tolerably precise?—Some of them are very precise.

5019. What I was going to put to you was this, in order to give precision to your suggestion, suppose that some municipality made a complaint to this tribunal with respect to the rate of a particular class of goods, is it to be in the power of this tribunal to say, after an examination of the facts, "The existing rate is unreasonable; the reasonable rate is so and so"?—I think if you give protection—and the Conference Lines would have a right to reasonable protection—but having given it a reasonable protection, then there should be a power, on the other hand, to see that they charged reasonable rates.

5020. And what this tribunal, after due examination, pronounced a reasonable rate, should be enforced upon them?—Quite so.

5021. Of course, as you are aware, some of the members of the Conference are German Lines?—Yes.

5022. Would this tribunal have jurisdiction over them?—The best test as to the reasonableness of requiring a tribunal to have authority over all the trade to South Africa is this, I think if South Africa were unified, this country would provide the remedy for itself and it would succeed in doing so.

5023. You have stated that view very clearly in your memorandum?—It seems to me to be the test. They bring cargo to this country, and bringing cargo to this country, subject to the tribunal being of such a character as not likely to be influenced by local considerations, it should have power to enforce its decisions.

5024. I am asking you these details about remedies because, fortunately or unfortunately, so many witnesses when asked to state their remedies do not seem to have gone very closely into details. Would you think that the suggestion which you throw out would be satisfactory if there were no similar tribunal in England?—I think it would, for this reason, that while there are legal difficulties suggested in that, the contract is entered into in England, its fulfilment is in South Africa, and the logical outcome of the conclusion I have come to, that differential rates are not unreasonable under the conditions I have indicated, obviously is, that it should be possible for the carrier and his charges to be controlled by some authority, and I can think of no better authority than that suggested.

5025. In the absence of a similar tribunal in England, might it not be the case that there would be one rate legal and reasonable in South Africa and another rate legal and reasonable in England?—I do not think so, for this reason, that the tribunal which has the authority to enforce its decision in South Africa against one Line could reasonably require that that Line is placed in the position of being protected.

5026. It is enough to say that you have thought of that view of the matter and you think there will be no serious obstacle?—It ought to be possible to arrange it, and I think the same protection that is required by the shipper should be extended to the shipowner.

5027. That is the point on which I should like a little more information. What is the proposed protection which you mean to give to the shipowner?—I began to work that out, and the conclusion I came to was that it is reasonable to afford the ship protection, but in the same way that I am able in indicate what I think ought to be done to the shipper, I should prefer the shipowners to indicate the protection they require in return. If the Commission lays down that certain control is required, then the steamship companies should come forward on their part to indicate the protection they require, so that we can see to what extent and in what way it can be provided.

5028. I am sorry to ask you so many questions, but when you use the term "protection" you will admit that is rather a vague term. Do you mean security that under no circumstances will a rate below a minimum be imposed upon the shipping companies?—No, what I mean is this. I have said that the people at South Africa require redress. In the same way that I claim for the people of South Africa redress, so, similarly, the steamship companies have a right also to expect from that tribunal and the authority behind that tribunal, some redress or protection, whichever word may best indicate the reasonable rights of the shipowner.

5029. Do not you think that, whether I like the word "redress" or "protection," you leave the matter a little vague?—I do not think so, because I think it is for the other people to say what they want; I have said what we want.

5030. You have made clear your general opinion. What would you say to this point? You have shown in dealing with a question which arose lately that you, as representing the United Governments of South Africa, were able to obtain practically your own terms?—As far as Government cargo is concerned, but as far as merchants' cargo is concerned the various Colonies had to give away public revenue to secure a redress that they considered called for by the merchants.

5031. No doubt you have considered this point. Might it not be the case that concerted and continuous action by the various Governments would give you substantially all which you proposed to get by means of this Traffic Commission or Transport Commission?—I do not think so, for this reason. If the country were one, probably it would be possible; but to expect that concerted and regular action, such as took place at the Bloemfontein gathering on the 6th July, can be depended on under all conditions is not reasonable. For instance, divergence at once steps in when we proceed to point out to the Conference Lines that injustice is being done to our line and ourselves at Lourenco Marques. The interests of the Cape and Natal are diametrically opposed. This is constantly likely to arise, and I may be forgiven for suggesting that the Conference Lines will not be slow to take advantage of those incidents. The alternation to the provision of authority for exercising reasonable control is clearly the abandonment by legal enactment of the rebate system and its equivalents.

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5032. (*Chairman.*) I was going to ask you about that Bloemfontein decision meeting of 6th July. I understand that Natal is not quite in agreement with you all on the rate question, although she has consented to the countervailing allowance. Natal does not object to this new reduction of 2*s.* 6*d.*, I think?—Natal naturally does not object, and it is also natural to conclude that they do not cheerfully contribute their quota to the amount of rebate that was given on the cargo shipped to the Cape ports for the Transvaal and Orange River Colony in the manner agreed upon at Bloemfontein on July 6th. The Portuguese Government did not rush to offer their quota, either. But the condition—I will not say alternative—that confronted them was such that they felt it clearly the proper thing to do to pay their share, as we did also, to neutralise the result of the alteration in freight rates to the several ports. It is not natural to suppose that they were jubilant at having to do so.

5033. Is it not the case that Natal was rather pleased with this reduction, and her views on this question have been somewhat modified?—She may have been pleased with the reduction to her own port, but she was not pleased with the action of South Africa as a consequence of what was done.

5034. Do not you think that her attitude to the Conference Lines has been a little bit modified, to the benefit of the Conference Lines, by this 2*s.* 6*d.* reduction?—Undoubtedly that was the purpose of my observation that I do not think I am doing the Conference Lines an injustice in concluding that they would take advantage of any circumstance that might present itself to disturb or at all events not cement the union.

5035. Does not Natal rather maintain that the ocean rates should have nothing to do with the railway rates and the distances from the different ports?—My attention was called to evidence that was given to that effect, and I came to the conclusion that either the witness must have been misunderstood or he misunderstood what was said to him, because that same witness was at Boemfontein, and I put in the Minutes of the General Managers' Conference, that we came to the conclusion that this rebate should be granted, and that they themselves should contribute their quota towards that amount because of the effect the alteration of the steamer freights were calculated to have on the route taken by the traffic if railway rates were not also altered.

5036. (*Sir John Macdonell.*) In fairness to the witness, I think, to some extent that was modified in a subsequent answer?—I put in, as a further instance, records of where we transferred certain traffic to East London, but a condition of the transfer of that traffic to East London was that the Cape General Manager should substantially reduce his rate from East London to the border. The officer whom he sent up to attend this Conference at Johannesburg, already referred to, had no authority to agree to the condition that attached to the transfer of the traffic to East London, but the Cape General Manager afterwards wired, "I "will reduce my rate." I said, "Very well, I will "transfer a certain quantity of the traffic to East "London on that condition." But I only did that to secure the continuity of concerted action.

5037. (*Chairman.*) They were Government goods?—Yes, it was traffic for the Railway Administration and for the Transvaal Government. That seems to be a conclusive answer that the one does hinge upon the other.

5038. (*Sir John Macdonell.*) I forgot to ask you a question of fact, and that was whether or not you knew of the proportion of your total importations to the general importations to the Transvaal. Can you tell me approximately?—I see that the British South African Export Gazette, in a recent issue, has given interesting information on the subject. I should think that of the total oversea importation into South Africa the proportion of goods brought into the Transvaal and Orange River Colonies approximates pretty closely to one-half of the whole. The proportion of Government to public importations is not considerable, but I cannot give the percentage or the figures at the moment. (*See Appendix XXX.*) However, I will give the information with certainty. I hand in the Minutes of the Prime Ministers' Conference at Bloemfontein and the General Managers' Conference, at which Mr. Salmon as well as the Natal General Manager was present. Then I hand in a few copies of the agreement that we came to at Johannesburg. I happened to be Chairman of the meeting at Johannesburg when we came to an agreement on the question as to concerted action in regard to freights. (*See Appendix XXVII. (a) and (b) and Appendix XXIX.*)

Mr. JOHN WILLIAM HONEY, recalled and further examined.

Mr. J. W. Honey.

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5039. (*Chairman.*) I understand you want to make some addition to your evidence?—There was one matter I was asked to bring forward; that is, the freight rates on live stock, which has already been brought forward by Mr. Price. I was asked by the Director of Agriculture to bring this forward. He thought they were unduly high, although they come, of course, in larger quantities from Australia.

5040. We asked the previous witness whether they were of somewhat the same value; he could not tell us. We asked whether the stock from England was not very valuable pedigree stock and those from Canada, &c., good stock but not nearly such valuable animals?—The stock from Great Britain would be far more valuable than the stock coming from Australia or from the Argentine, with the exception of a few blood racehorses that come from the Argentine.

5041. You say the Agricultural Association attach great importance to getting a reduction of these rates from England?—Yes, they consider it very desirable that the importation of pedigree stock should be encouraged as much as possible.

5042. Is that all?—That is all.

THIRTEENTH DAY.

C.S.A.R. Buildings,
Johannesburg,
Wednesday, September 25th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. CHARLES WALTER VILLIERS, examined.

Mr. C. W. Villiers.

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5043. (*Chairman.*) You appear on behalf of the Transvaal Chamber of Mines?—Yes.

5044. You have already put in a brief in answer to the questions?—Yes.

I will ask my friend, Sir John Macdonell, kindly to take you through that brief.

5045. (*Sir John Macdonell.*) You have been good enough, on behalf of the Chamber of Mines, to prepare certain answers to the questions which have been submitted to the Chamber. I see that as to the first three questions you do not give any very definite answer?—No.

5046. Before I go in detail as to the other questions, I should like to know a little about the constitution of the Chamber of Mines?—It is representative of all the mining houses. They all have seats on the Executive Council of the Chamber of Mines.

5047. One may say that all the mining houses in Johannesburg are represented on the Chamber?—All of the gold-mining houses.

5048. Has the subject of deferred rebates been discussed by the Chamber?—We went into it to answer your questions.

5049. May I take it that the answers which you give express the unanimous opinion of the Chamber?—They do.

5050. There were no dissentients of any kind?—No. The Executive Committee of the Chamber went into the matter, and these are their answers.

5051. The matter has never been brought by the Executive Committee before the Chamber itself?—No, there has not been a general meeting of the Chamber, but nearly all the business of the Chamber is managed by the Executive Committee.

5052. So far as you can form an opinion, these answers express, not merely the opinion of the Executive Committee, but the opinion of the Chamber?—Of the mining industry, as a whole.

5053. Passing over the first three questions, I would call your attention to a note which you add: "This "Chamber, however, attaches copy of a notice to "shippers by which mining companies exporting gold "by the Conference Lines are bound." What is that notice?—It is the rebate notice.

5054. Is there anything peculiar in the rebate notice distinguishing it from the rebate notice as to other commodities?—It is practically the same, but we get 33⅓ per cent. rebate instead of the 10 per cent. for merchandise. We are charged 7*s.* 6*d.* per cent. on the value of the gold in the first instance, and they rebate us 2*s.* 6*d.* if we ship all our gold by them.

5055. The rebate is payable——?—In the same way as the merchants' exactly.

5056. Six months and six months?—I do not think we have got that concession yet.

5057. This notice which you put in is dated 1st January, 1899. Has there been any variation of that?—I do not think the Chamber has been advised of any alteration in the gold shipments. It has been altered lately for the merchants, I understand.

5058. As far as you know, this circular of the 1st January, 1899, is still in force with regard to gold?—It is still in force.

5059. The next question that your Chamber is asked is "What objections, if any, have you (*a*) to the system "of Rings or Conferences, (*b*) to the system of deferred "rebates? Do you consider that these objections out-"weigh any advantages which are to be derived from "the system of Rings or Conferences and the system "of deferred rebates?" Your first answer is, "The "Chamber's objection to the system of Rings or Con-"ferences is that such Rings create a monopoly, and "importers are bound to accept any terms and con-"ditions for the carrying of their goods which the "Conference Lines choose to dictate." In what sense is this system a monopoly?—The merchants are bound to this system by the rebates which the Ring hold at present. Unless they forfeit their rebates, they have to do exactly as they are told.

5060. In other words, in a business point of view the merchant has no choice?—He has no choice. The only choice he has is to forfeit his rebates and ship independently.

5061. And, of course if he is a large shipper he is not likely to do it?—It means forfeiting many thousands of pounds.

5062. In some instances would the forfeiture amount to that?—In the case of some of the big merchants I think it would certainly amount to thousands.

5063. That being so, you suggest that they are tied practically to the Conference Lines?—Entirely, yes.

5064. The next portion of your answer is, "This "Chamber's objection to deferred rebates is not so "much against the system as a system, but rather "against the arbitrary manner in which this system is "carried out." May I call your attention to the fact that there does seem on the face of that to be a slight contradiction of your previous statement. You have stated that you object to Rings because they

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are in the nature of a monopoly. You add that you do not object to the system as a system so much, but rather against the arbitrary manner in which this system is carried out?—If the deferred rebate system were carried out in a different manner to what it is now I do not think there would be such a monopoly, because the merchants would have some say in the matter. As it is, they have none.

5065. You use the phrase "arbitrary manner." What examples had you in your mind when you made use of that phrase?—The special contracts which the shipping companies have seen fit to make since they went into agreement with the merchants. In 1892, I think, they made that first agreement with the merchants, and since then they have given broadcast special rates to favoured shippers, which is hardly in keeping with the spirit of the agreement which they went into with the merchants.

5066. What you mean by "arbitrary manner," is that the spirit of the agreement has not been carried out?—What I mean is that the shipping companies—the Ring—can break their contract whenever they like, but if the merchant breaks his contract he loses his rebates. There is nothing binding on the shipping companies like there is on the merchants. There is no security put up by the shipping companies.

5067. I see your point, but is that the point which you make here, "The arbitrary manner in which this "system is carried out"?—Yes, that is the point we mean.

5068. You do not mean that the Conference Lines act in an arbitrary manner, but that it is open to them at any time to break their portion of the contract, and it is not open to the others?—Exactly so. That is the position.

5069. In using the words "arbitrary manner in "which this system is carried out," do you suggest that the Conference Lines have in fact violated the spirit of the agreement?—Certainly. They have given special rates of freight to certain firms in this country, to Governments and municipalities. That is all up against the merchant who has gone into the Ring and agreed to ship by them.

5070. What you say seems to accord with what is stated in your written answers: "The Chamber under-"stands that the object of the rebate system is to bind "shippers to the Ring in order that the managers of "that Ring may be able to quote uniform and main-"tained rates for all shippers without differentiation. "In practice this has not been carried out, and it is "a well-known fact that Governments and municipali-"ties and certain other shippers have been favoured "with special contracts to the disadvantage of mer-"chants and other shippers." First, in regard to this answer, may I ask whether the Chamber is opposed to preferences being granted either to Governments or municipalities?—We think it would be better that all freight should be carried at the same rate for all people alike; that there should be no differentiation for anybody.

5071. Has the Chamber come to that conclusion after considering the arguments that are put forward on behalf of that preference—such arguments, for example, that, as a rule, the Government import articles which are not in competition with those supplied locally?—A great many articles that the Government import direct could be imported through the local merchants.

5072. You then go on to say that other shippers have been favoured with special contracts to the disadvantage of merchants and other shippers. Have you in your mind special contracts other than those of which we have heard a good deal—contracts with Messrs. Wernher, Beit, and with Stewart & Lloyd?—That is the particular one, that of Stewart & Lloyd. There are various other people in the same trade here, and they have to pay the ordinary rates as against the rates that that firm can get.

5073. That is a contract relative to pipes?—Yes.

5074. You cannot mention any other special contracts?—The Dynamite Factory has a special contract.

5075. What can you tell me about that contract?—I do not think that enters into competition with anything because there is only one Dynamite Factory in the Transvaal, but still it is breaking the spirit of the agreement.

5076. Do you know anything about that contract?—I cannot tell you the details of it.

5077. What reason have you for saying that they have a special contract?—I was Secretary of the Freights Conference, so I know these things.

5078. Is there any other instance?—I do not think there are any other particular ones—municipalities, of course. The Cape Town Municipality had a very favoured contract, to the detriment of local representatives of firms.

5079. We have heard something of that. Is there any other example?—No. Of course, the contract that Wernher, Beit, and the Consolidated Goldfields had, does not exist any longer.

5080. Do you think you have exhausted all the information you have with respect to special contracts?—Yes, those are the only ones I know of.

5081. Then you go on to say, "The only alternative "to the rebate system which presents itself to the "Chamber is, that the system should be declared "illegal, and the sea freight market be left open to all "comers." Would you explain a little more clearly what you mean by declaring the rebate system illegal?—The same as in America. Under the Elkins Act in America the rebate system is illegal.

5082. That is a point of law which we will not discuss this morning. There are some doubts as to whether that is the meaning of the Elkins Act. I will not trouble you with your opinion upon this point of law; but, putting the Elkins Act aside, just let me clearly understand how you think this is to be declared illegal?—I do not say that it can be declared illegal in this country; it can only be declared illegal in the United Kingdom, where the contracts are made.

5083. You think it will be necessary to have a law passed in the United Kingdom, where the contracts, or most of the contracts, are made?—Yes, I do not see how else it can be binding.

5084. Would you contemplate also laws being passed by the various Parliaments in South Africa declaring such a system illegal?—Yes, certainly. If they did it as well as the Home Government I think it would meet the case.

5085. Have you considered whether that would be sufficient, assuming that no change were made in the law of Portugal prevailing at Delagoa Bay and the law of Germany, countries where a considerable number of shipments are made?—Of course Germany enters more into it than Portugal. The German shippers no doubt do get a preference now, but that is a German Government preference, and nothing to do with the Shipping Ring.

5086. We are now talking not of preference, but of rebates, and I am asking you the question whether or not you have considered what would be the result supposing that the rebate system were declared illegal here and in the United Kingdom, but remained legal in Germany and in Portugal?—I do not think it would matter, because if the rebate system did not exist the freights must come down with competition.

5087. You think that the system of monopoly, as you call it, would break up?—It is bound to, I think.

5088. You speak of the system being declared illegal, and, as you probably know, that may mean one or other of two things; either that the shipper can claim the rebate, notwithstanding that he has broken the letter of his circular, or that it should be made a criminal offence. Which do you mean?—A criminal offence.

5089. That is what you mean?—Yes.

5090. That not merely the servants and agents of the various shipping companies, but also the merchants acceding to this system shall be liable to be fined or sent to prison?—I think so, certainly, if the thing is going to be carried out at all.

5091. Then you say there is no doubt that the mining industry would benefit by the lower rates obtainable in an open freight market?—Yes, we would no doubt benefit if freights came down, as we anticipate they would in an open market, and we should get the benefit of it.

5092. I think you deal with that subject a little later on, if I mistake not, and I will defer my question upon that. Then you add this sentence, about which

I should like a little explanation: "This Chamber, "however, is of opinion that in considering the "freight question the relations of the various South "African ports and the question of railway rates from "such ports cannot be entirely overlooked." Do I understand that in appending that qualification you admit that difficulties may arise under an open freight market with regard to railway rates from the various ports?—Yes, that is our object in putting in that clause.

5093. I want a little elucidation of that point, if you do not mind?—At present, as you are no doubt aware, the rates vary between Port Elizabeth, East London, Durban, and Delagoa Bay. If one goes into the open market, I think you can get the same rate to Delagoa Bay as to East London or Port Elizabeth. You can get a rate quoted about 25*s.* for any port you like in South Africa.

5094. What would be the consequence as far as railway rates are concerned?—As far as possible, they try to level everything up between the different ports. Of course that is a political point between the various Governments.

5095. You make the point, and I should be glad if you would make it clearer than it is?—The rates paid for Delagoa Bay allow for an extra 12*s.* 6*d.* freight as against East London. If the rates were the same to Port Elizabeth, East London, and Delagoa Bay, the Delagoa Bay people would have a tremendous advantage.

5096. In other words, you suggest that it would be futile to attempt to regulate the railway rates from the various ports if the oversea rates were not regulated also?—If they were fluctuating, yes.

5097. Is not that an important qualification—a very important qualification, in your opinion?—We thought it right to put it in, because we see the difficulty.

5098. Probably the Chamber admits that it is a very serious difficulty?—They do. It is a difficulty, no doubt.

5099. Do you think that if the rebate system is to be abolished there must be some control over the oversea rates?—That is, I think, the trend of the remarks made by the Chamber. I think they do not object to the deferred rebate system as a system, because, as they go on to point out, it is a way of helping shipowners to maintain rates and fix rates. Our objection to the rebate system is not against the rebates, but against the way the shipowners carry it out to-day. That is the attitude we take up.

5100. I am sorry, but I must ask a little more elucidation of that point. Do you mean to say your Chamber would approve of the deferred rebate system if the letter and the spirit of the agreement were carried out?—If the contract between the merchants and the shipowners were carried out bonâ fide on both sides.

5101. Carried out in what sense—no preferential contracts?—That is it.

5102. Does your explanation amount to this, that you approve of the deferred rebate system provided there is complete equality?—You are more right to say that we approve of some system which provides uniform and maintained rates, and if there is no other system excepting deferred rebates——

5103. Do you not recognise that there is a slight ambiguity in your position?—The position we take up is this, that we do not object to the deferred rebate system but to the way in which it is carried out.

5104. You gave that answer before, I then wished a little more explanation of it, and your answer, as far as I understood it, was, that what you objected to was difference in treatment of various shippers?—That is the point, yes.

5105. And if all shippers were put on the same footing, you would not object to the system?—No, we should not object to the system.

5106. Then, your one point substantially is, "Remove the inequalities of treatment and we do not "object to the deferred rebate system"?—That is the point.

5107. You have made it very clear. With regard to the question, "Has the effect of the system of deferred "rebates and of the South African Ring been to divert "trade from the United Kingdom to the United States "of America or the Continent of Europe?" Your Chamber answers, "This Chamber is aware that at "certain times merchandise has been carried from "America and the Continent at considerably cheaper "rates than from the United Kingdom, but these "cases have generally arisen during a freight war "brought about by competing lines of steamers trying "to effect an entrance into the Ring," the competing lines being chiefly the Houston competition and the Prince competition?—Yes.

5108. In the view of your Chamber, too much stress must not be laid upon the freights subsisting then?—I think it has happened all over the world at various times.

5109. For anything that you know these freights may have been quite unremunerative?—Quite, as far as we know. They may have been. We do not know the accounts of the shipping companies.

5110. You go on to say that this Chamber understands that "Preference is obtained by German ex"porters, which cannot be said to be due to the "existence of Shipping Rings, but rather to the assist"ance which the German Government give to their "export trade through cheap rates over the State "railways." You allude to the practice, no doubt, of goods being conveyed from inland towns in Germany at the same rate as they are shipped from the sea-ports?—I think the practice is a through bill of lading, and you do not know what is railway rate and what is sea freight. We know there is a heavy reduction in the German railway rates for export.

5111. Have you any precise information as to the extent to which it may be the case that the German Lines, the members of the Shipping Conference, abate their rates of freight?—It is impossible to tell; it is as between the German Line and the Government—it is a subsidised line—and the railways.

5112. Have you any invoices from inland merchants in Germany which would throw light upon this question?—I might have brought the Blue Book of the last Conference here. There are some rates given before the Subsidies Commission.

5113. We will not trouble you with that; that is known, I think, to my colleague and myself. The preference you say is due to the assistance which the German Government give to their export trade by cheap rates over the German railways, rather than to any action of the Conference?—That is what we understand, yes.

5113A. The Chamber has no information of a special kind with regard to this?—No.

5114. The next question that is put is, "Do you "consider the rates of freight (*a*) from the United "Kingdom to South Africa, (*b*) from South Africa to "the United Kingdom, to be excessive. If so, please "state reasons for your opinion." Your answer is: "This Chamber is of opinion that the present rates "are excessive," and you give certain reasons. The first is, "That the present Ring has been able to make "special contracts at rates far below those offered to less "favoured shippers." What have you there in view?—Government contracts; the special mining contracts to mining houses, and with regard to municipalities. Then can afford to do it at less for them; why cannot they afford to do it at less for others.

5115. You have no information as to whether these low rates are paying rates or not?—No, we can only look upon the shipping people as business people, and that they do not carry things at a loss.

5116. You think it is not possible that there is another explanation, namely, that rather than the Government and municipal consignments should go elsewhere, they are willing to carry at an exceedingly small profit and that they may be able to do so by making the public pay more?—No doubt if there is a loss on the Government contracts, the public is making it up.

5117. I presume that contingency is one of the reasons why you object to the preference to Governments and municipalities?—Certainly, somebody has to make it up if there is a loss.

5118. Then the next reply is, "That there is a wide "difference between charter rates and Ring rates." Would not you rather expect that there should be a wide difference?—Yes, but it is such a wide difference.

5119. You would have to take into account several things in making up the difference between the charter

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rate——?—Regular sailings and going away full or half full, as the case may be. Of course you have to pay for that.

5120. What figures had you in your mind when the Chamber expressed that opinion?—We understand, although we have no intimate knowledge of shipping ourselves, that offers have been made to carry at an all-round rate of 20*s.* to this country.

5121. The Chamber has not had that brought before it?—No.

5122. I take it that the information of the Chamber with regard to this particular point is entirely second-hand?—Yes.

5123. Then you say, "This Chamber particularly "desires to raise the question of the excessively high "charges made by the Conference Lines on gold "shipped to Europe." Under the existing system you say the charges are "7*s.* 6*d.* per cent., of which amount "33⅓ per cent., equal to 2*s.* 6*d.* per cent., is rebated "on the half-yearly shipments nine months after the "expiry of every half-year." That is the present system?—That is the present system.

5124. You say these charges work out considerably beyond postal rates. What is the difference?—Taking the output of the Transvaal for 1906, letter post would have cost the industry, at 2*d.* the ounce, £68,044, whereas we paid to the railways £17,736 and to the shipping companies £61,574, a total of £79,310. If it had gone by letter post we should have saved £11,276. (*See Appendix IX.*)

5125. Under the letter post would the gold have been carried on practically the same terms, so far as risk is concerned?—It is carried at owner's risk now.

5126. You say it is now carried at owner's risk?—Yes.

5127. The postage would be at 2*s.* 8*d.* a pound; the railage would be 69*s.* 6*d.* per 100 pounds, and freight is 5*s.* per cent. nett on value?—It works out that the charge over the railways per fine ounce of gold is ·78 of a penny, and per fine ounce at sea 2·53 pence.

5128. It is possible to forward raw gold by post?—Before the last shipping mail contract was made we used to ship it by post. Under the last contract made between the Cape Government and the Ring, that clause was taken out, and there is a clause, I think clause 28, which takes out raw gold and specie and ostrich feathers.

5129. I may read, I presume, the note which you have added here. You say that owing to the paragraph which you have mentioned, in the ocean mail contract, it is not possible to forward raw gold by post, but had this been allowed, the amount of £68,044, which would actually have been expended, would have materially assisted in swelling the Government revenue, instead of which the Government revenue has benefitted only to the extent of a small amount on railway carriage, namely, £17,738. The Transvaal Government only gets a small proportion of that.

5130. The mining industry has been taxed £11,276 more than it would have been, and the Union-Castle Company have received freight at £267 per ton of 2,240 pounds, on what they would have carried under their mail contract. The gold, I presume, is sent only by mail steamers?—Only by mail steamers.

5131. Your Chamber then goes on to say, "These "charges are all the more excessive as under the bills "of lading the gold is carried practically at owner's "risk." Have you a specimen of the bill of lading here?—I have not a specimen of the bill of lading. We have to insure the gold ourselves, on the top of all these charges. The shipping company takes no risk.

5132. Could you get a copy?—I will try and get one.

5133. We are familiar with bills of lading in regard to other goods which saddle the shipowner practically with no responsibility. Do you suggest that there is something peculiar about this bill of lading?—Considering the rate we pay.

5134. (*Chairman.*) You think you ought to have a special bill of lading?—We do not get much for £267 a ton.

5135. (*Sir John Macdonell.*) You insure the gold?—Yes.

5136. Can you tell me what the general rate is?—3*s.* 6*d.* per £100 value.

5137. And that added to your freight charge makes altogether?—I have not worked that out, because it is a different thing. The insurance is from the mine itself to London.

5138. Including the transit from the mouth of the mine to the railway and on the railway?—Yes.

5139. Does it include also the risk after the gold is removed from the ship?—Yes, until it is landed in London.

5140. It includes a good many services besides those rendered by the shipping company?—Yes.

5141–3. Then your answer proceeds to say that the Chamber wishes to "Draw attention to the excessive "charges made in connection with the shipment to "Europe of bye-products resulting from the treatment "of gold ores, which are now being charged for on the "basis of the value of the gold contents, in lieu of dead "weight of such bye-products, in respect of shipments "over a value of £100 per ton"?—They charge us about 15*s.* a ton up to £100 per ton value, whatever the ore or ores may be.

5144. Of what kind of ores are you speaking?—Gold ores—concentrates. If the value of the concentrates is over £100 per ton they charge us more.

5145. Are these what you call "bye-products"?—Yes. We cannot see any reason why, because a thing is worth more, they should charge more freight for it.

5146. You suggest there should be a uniform scale applicable to all values?—All of these bye-products, yes. We see no reason why, because it is worth more, they should charge more. It does not cost them any more to handle or take up any more space.

5147. Does the scale advance progressively or is it just simply so much?—It advances progressively. I have not the exact figures, but it is according to the values. Up to £100 it is 15*s.*, and then, I think, for every £10 it is so much more.

5148. Does the scale advance arithmetically or geometrically?—According to the value of the gold in the bye-product.

5149. Could you get a copy of this scale?—Yes.

5150. Another point you proceed to make is, that the Chamber would like to emphasise, in regard to rates, the excessive charge made for heavy machinery. We have had some information with regard to that. Perhaps, you would like to supplement it?—I have the rates to Durban and Delagoa Bay here. For every half-ton over 2 tons they charge us 5*s.* a ton extra up to 12 tons. We can see no reason for their charging that, because they have no risk with this heavy machinery—the shipping companies have no risk.

5151. You mention that there is a special clause in the bill of lading for heavy weights of a peculiar kind?—Any heavy weights. Anything over 2 tons we have to pay an extra 10*s.* a ton for. The rate to Durban for 2 tons is 30*s.*; for 2½ tons 35*s.* I also have a copy here of the charges at Durban from the Harbour Board for heavy lifts.

5152. You dropped a remark to the effect that the shipping companies have no risk in regard to these heavy weights. What do you mean exactly by that?—I understand that the Harbour Board take everything out. The harbours here in South Africa are well-equipped with cranes.

5153. Take heavy machinery landed in Algoa Bay over the ship's side into lighters?—There they have an extra risk, but they have not when they come alongside at Durban.

5154. I will come to the Durban case in one moment. In regard to heavy weights landed into lighters in the roadstead they would have an extra risk?—They would.

5155. I would like this point clear. Is there any clause in the usual bills of lading containing special exemptions as to heavy weights?—That I cannot tell you.

5156. You were going to make some observation with respect to the action of the Harbour Board at Durban?—The Conference Lines charge us £4 5*s.* per ton for a 10-ton weight. Their fixed rate—their minimum rate—is 30*s.*, so we are penalised to the tune of 55*s.* per ton for a 10-ton weight. To take that out of the ship the Harbour Board charge them 6*s.* a ton. Where we pay 55*s.* to the shipping company they have to pay an extra 6*s.* to the Harbour Board.

5157. The shipping rates include the putting on board the heavy weight?—And taking it off.

5158. You were calling attention to the rates at Durban for taking the heavy weights out of the ship?—Yes—6*s.* a ton. They charge us 55*s.* a ton extra.

5159. May I take it that a very large quantity of the machinery and appliances above ground used for the mines are machinery and appliances to which this scale is applicable?—This is for mining machinery.

5160. Would the great majority of the articles ordered by mines for their purposes come within the heavy-weights scale?—Yes—boilers, engines.

5161. All the power machinery?—All the power machinery.

5162. And as regards certain portions of the fittings of the batteries?—Yes.

5163. To any large extent?—To a large extent. Taking the mining industry as a whole, they import a very large proportion of heavy weights.

5164. Could you give me approximately an idea of what the cost is to a mine of considerable size, and to what extent this is a charge upon the machinery of a mine of considerable size?—I do not know that I have these figures worked out. It would take some little time to work out what it costs to ship all the equipment for a mine.

5165. It is a question I could hardly expect you to answer, even roughly, but are you prepared to give a figure, approximately?—I think a figure could be worked out.

5166. Are you prepared now to give a figure, subject to correction afterwards?—No, I would not venture to mention a figure.

5167. Is the tendency, on the whole, to increase the weight of power machinery at the mines?—Certainly. They are putting in bigger plants. I do not know whether the individual pieces are getting heavier in weight or not. The boilers would, of course, be larger.

5168. You say, "Our contention is that the ports of "South Africa are so well equipped at the present time "for the discharge of heavy machinery that little or "no extra risk is taken by the shipping companies in "landing heavy machinery, nor is there any delay "which would justify such excessive rates being "charged." You admit a qualification would have to be made as regards landing at Port Elizabeth?—Yes.

5169. In fact, do any large quantities come through there?—I would not like to say that as a fact, but I think you will find most of it comes through Durban.

5170. So that these rates, which you think excessive, are, in fact, applicable to the great proportion of the machinery coming in?—Yes.

5171. Then you proceed to say, "We also consider it "most desirable that the shipowners should publish "the classification of goods in detail, and that such "classification should be discussed and decided upon "by the importers and shipowners in consultation." You find that there is no classification?—There is no classification.

5172. Has the Chamber ever called the attention of the Shipping Conference to that fact?—No, the Chamber has not. As I pointed out before, we do not do the shipping direct. It is all done through the merchants.

5173. You proceed to say that in the view of the Chamber "such classification should be discussed and "decided upon by the importers and shipowners in "consultation." I understand what you mean by "discussed." Do you think the importers should have still further power than that of discussing, and that they should have a say in making the classification?—I think so, yes. If they are working under an agreement in other points, I think they should have a say in the classification.

5174. Would you like outsiders to have a say in regard to the classification, if any, in your business?—I do not know. They seem to have a good deal to say.

5175. You add here, "decided upon"?—I understand that the rates of freight are discussed between the Merchants' Committee in London and the Shipping Ring, and for that reason I think it would be better they should discuss their classification.

5176. You mention that committee which exists in London—the South African Merchants' Committee. Is your Chamber in touch with it?—Yes.

5177. Do you consider that it is fairly representative of the interests of the mining industry here?—I do not think that they are beyond their being the agents of the importers here; they have nothing to do with the Chamber.

5178. Does that mean that you do not think that Committee is representative of your interests?—Yes; I think our interests are identical with those of the merchants.

5179. That is not quite my question. The question is whether your interests are fairly and adequately represented by this committee?—Oh, I think so; yes. I think they would bring forward any points as regards the mining industry that we wanted them to, but I do not know that a case has arisen.

5180. Do you say so from actual experience?—I understand that the Merchants' Committee in London are representative, or supposed to be representative, of the merchants here, and it is the merchants here we deal with.

5181. I am not now dealing with suppositions; I am asking your actual experience?—I cannot say I have any experience of the Merchants' Committee acting on behalf of the Chamber.

5182. Then you are asked this further question, "Are you aware of any preferences (secret or otherwise) "in the matter of rates having been accorded to "favoured merchants or importers which are not "accorded to all?" and I think you have given me the answer already that "There have been special con- "tracts made with certain of the mining houses, the "De Beers Consolidated, and to the Governments of "South Africa. As regards special contracts granted "to the mining houses, these do not exist at present." Do you desire to add anything to that?—No.

5183. You do not wish to add to that?—No.

5184. The next question is, "Would it be practic- "able for South African merchants to combine and "charter tonnage in the open market for their consign- "ments?" You in effect do not answer that question also. Then comes the question, "What remedy, if "any, do you suggest?" and you give an answer on which I should like a little explanation. You say, "We would suggest that a fresh agreement be entered "into between the shipowners and the shippers, which "will be equally binding on the shipowners as the "present agreement is on the shippers." Do you mean by that that you desire to see a formal agreement which would state the duties and rights of both parties to the agreement?—I understand that exists at present.

5185. Where?—That agreement entered into with the Merchants' Committee in London. I think 1892 was the first, and it has been varied since then.

5186. When you say "you understand," have you looked at that agreement, and do you find there a clear statement of the duties of the Shipping Conference?—I think certain points are fairly well defined there. I think they certainly bind themselves not to make a differentiation in rates.

5187. Have they bound themselves to sail at regular times?—Yes, I think so. The agreement is in the Blue Book.

5188. If you are now drawing only upon your memory of that document I will not ask you any questions about it. Is this the only remedy that you would desire to see—entering into a fresh agreement?—That is the only suggestion we can make.

5189. Suppose that the members of the Shipping Conference decline to enter into a fresh agreement, have you considered what course should be taken?—Then the merchants have it in their own hands to forfeit their rebates and get other people to come in.

5190. Is that the only suggestion?—The shipowners have got such a control that unless that is done I do not see how you are——

5191. I am not sure that I see your position. Your explanation makes it a little more obscure. I understood you to say, in answer to a previous question, that you would declare the rebate system illegal?—As an alternative. But then we are in favour of maintained and uniform rates, and we do not see how to

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get those if you make rebates illegal unless you put in another system to ensure stability of rates.

5192. Your first suggestion is a fresh agreement?—Yes.

5193. Supposing there is no fresh agreement entered into for one reason or another, what is the alternative?—An open freight market.

5194. Where is this declaration of illegality of the rebate system to some in, or when is it to come in?—If the shipping companies—the Ring to-day—refuse to make any alterations in their present arrangements, we can only hope that something will be done to make them do so by competition. Only competition will make them come down in their rates or make them abide by their contract with the merchants.

5195. If you tell me you would rather not answer any further questions on this point, I will not ask any. The point which you leave a little obscure is, when and under what circumstances is the declaration of the illegality of the rebate system to come in. If you tell me you have not thought of it, I will not put any further questions?—We have already said we see no alternative to the rebate system except the open freight market. I have never heard any other suggestion made.

5196. Your last observation is, "In conclusion, we "may say that this Chamber does not come into con- "tact with the actual shipping arrangements for South "Africa, inasmuch, as it is the custom of the mining "houses to import nearly all their machinery, plant, "stores, &c., through the merchants established in "Johannesburg. The industry will no doubt benefit "by a reduction in freights, but we are of opinion that "all questions of detail, as regards shipping, should "be left in the hands of the actual importers, viz., the "merchants" ?—Yes.

5197. Is there not another side to this question, namely, the interests of the consumer and the interests of the community generally?—I think the merchants would look after all. I have no doubt, as far as the community is concerned, the merchants would obtain the best rates of freight they could for the contracts for the goods they supply us with.

5198. It might be the case that the benefits which they get would percolate down to the consumer?—They certainly would.

5199. Are you sure that they would to the full extent?—I think that in the contracts we entered into we should take care that they did.

5200. Only one question more, and that is this. The view of the Chamber being that this system creates practically a monopoly, is it desirable that other measures should be taken than those which you have stated to control that monopoly?—I do not see what would prevent them making another monopoly. If you broke this one there would be another one. Here is the bill of lading that I spoke of. (*Handing in document.*)

5201. (*Chairman.*) I think you said that the Chamber of Mines only represented gold mining?—Yes.

5202. So that you do not represent the smaller amount of tin, lead, and copper ores that are gaining in exporting?—We are not actually representing them.

5203. Have you any acquaintance with that?—No. It is very small at present.

5204. So that ore which you referred to is rather in the nature of a bye-product?—Yes.

5205. Of a certain value. And as regards that bye-product, I think you objected to the rate being levied according to its value?—Yes.

5206. Is it not the case that under the classification not only of ships but of railways, more valuable goods are usually charged more?—Yes, there is a very wide difference between, say, rails and silk, but there is not the wide difference between goods valued at £100 a ton and those valued at £120 a ton; there is not the wide difference that there is between a ton of rails and a ton of silk.

5207. I understood you objected to all differences between goods according as they were valuable?—I would not say that for a minute. I am only dealing with a particular item.

5208. And your point was?—That we see no reason why they should charge more for the more valuable concentrates.

5209. You do not object to their charging a little more?—We think it is rather an unnecessary charge to make.

5210. In this South African Freight Conference there are certainly five classes?—Yes.

5211. Surely there must be some considerable difference in the values which would warrant their being put into different classes—Class 3 or Class 4?—Why do not they do the same for the difference in value of rails? They do not. A heavy rail is worth more per yard than a light rail, but they do not make any difference in the charge per ton.

5212. What is the difference in value between the least valuable and the most valuable of the ore that you refer to?—I do not suppose it would ever go to more than between £70 and £200 a ton.

5213 And within that limit what is the difference in the rate?—I can give you that later.

5214. I think I understand your position now, that you think the difference charged is much more than is warranted by the actual difference in the value?—Yes.

5215. Though you represent the Chamber of Mines, I think you said that you had had experience as a Secretary of a Conference?—I was Secretary of the South African Freights Conference.

216. When was that?—Out here in 1904.

5217. In Johannesburg?—Johannesburg, Durban, and Cape Town.

5218. So that you have had a good deal more to do with this question than you would have had if you had simply been connected with the Chamber of Mines?—I have heard more about it.

5219. Did you happen to follow the proceedings at the London Conference which took place about two years after your first Conference?—I have the report and evidence, but I have not read it very carefully.

5220. You did not read the draft agreement proposed by the Governments of South Africa to the shipowners?—I saw that before it left here.

5221. In that, did you notice that the rates were made very much the same to the Governments and municipalities as to the public?—Yes.

5222.—Do you approve of that?—Certainly.

5223. That agreement would have preserved the deferred rebate system?—Yes.

5224. Have you any objection to that?—No. There was another provision in that agreement, I think, for arbitration. I assisted in drafting the original agreement.

5225. I suppose you approve of it. May I take it that you think that on those lines some satisfactory settlement of the questions might be made?—I think it is the only feasible way of coming to an arrangement—give and take on both sides.

5226. You spoke about the Dynamite Factory having special terms. That is to the advantage of the mines, is it not?—Yes, perhaps, we might get our dynamite a little bit cheaper that way. I do not know. I do not know what relation the shipping rates bear to the total cost of the dynamite. The dynamite is made here. It is only the acids and materials that are imported.

5227. The materials for the factory being brought here cheaper than they would otherwise be, is to the advantage of the mines?—The mining houses have taken up the attitude that they do not want to get an undue preference against the public in rates.

5228. I suppose the difference would not be large—the advantage which they would get. One other question about your complaint respecting these heavy articles. We have been told there is a considerable difference in heavy articles as to their capacity for being handled; that some are much more awkward than others. We were told that wire rope coils, for instance, were not difficult to handle. Do you think it would be possible to make a classification which would meet your views to some extent, reducing more the extra rate on articles which could be more easily handled?—I think that would be fair.

5229. Do you think it can be done?—Yes, if you have a proper classification list.

5230. You have never applied to the Conference to make any reduction on these rates on heavy articles, have you?—I do not think the Chamber has ever applied. As I say, we do not import direct—very, very little. It is nearly all through the local merchants.

5231. Should not you have made representations to the importers—to the merchants—if you felt the grievance to be a serious one?—No doubt the matter has been discussed with the merchants when we pay the bill.

5232. Do not you think you pay ultimately?—We do pay now.

5233. Do you not pay this difference ultimately?—Yes.

5234. I should have thought you would have complained?—I do not know that it is much use complaining.

5235. You have not tried, have you?—I cannot say for certain whether representations have been made to the shipping companies or not.

5236. You have not complained to the merchants?—I do not think there has been any formal complaint made.

5237. Because, I think, you said, as regards the London Conference of Merchants, you have not had occasion to ask for their intervention in anything?—I do not think so.

5238. I suppose I may take it that you have not addressed any complaint about these heavy charges on ores to them?—No.

5239. You do not know what the local charges are on these ores at the ports for stevedoring, dock charges in London, and so on?—No, I have not got those.

5240. You do not know whether a considerable amount has not to be paid for these extra charges at home?—No, I do not know.

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5241. (*Sir John Macdonell.*) You say here in your answers that under the bills of lading the gold is carried practically at owner's risk. What clauses in the bill of lading have you particularly in view? There is the first clause, no doubt containing a sweeping list of exemptions, but that list is to be found in bills of lading applicable to ordinary goods, is it not?—This is a bill of lading for gold only.

5242. The question I am putting to you is whether the exemption contained in Clause 2 is not to be found in bills of lading applicable to commodities generally?—That may be so. We do not dispute that, but it is the high cost we have to pay for this.

5243. The point I want to bring out is this. Is the bill of lading for gold in any particular different from the bill of lading for other commodities?—That I cannot say without looking at the other bill of lading. Clause 14 says specie, bullion or gold dust, deliverable at London, will be landed at port in England and conveyed to the Bank of England at owner's risk.

5244. That would be applicable to other goods, would it not?—I suppose so.

5245. You make a point here that under the bill of lading the gold is carried practically at owner's risk?—The point we wish to make, I think, is this: that we pay an enormous sum and get very little for it.

5246. That may be an answer to my question—I am not sure that it is—whether or not the form of the bill of lading applicable to gold differs in any way from the bill of lading applicable to ordinary goods. You do not know?—I do not think it does.

(*Chairman.*) I should like to say now that this concludes our session here, and on behalf of Sir John Macdonell and myself I wish to express our thanks to the Railway Administration for the use of this pleasant and comfortable room and also especially to Mr. Price for the arrangements he is making for our journey to Bloemfontein and Cape Town so as to minimise the fatigue to us. I have also to announce that our meetings at Bloemfontein will commence to-morrow afternoon.

FOURTEENTH DAY.

C.S.A.R. Buildings,
Bloemfontein,
Thursday, September 26th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

The Chairman. Before beginning the proceedings I would just say a word. I assume that the meetings and the evidence taken before this Commission have been reported about in the various papers of the Colony, so I do not think it is necessary that we should occupy time by reading the reference to the Royal Commission, nor yet the letter from the Colonial Office asking us to take evidence out here. It is unfortunate that we have only for the last three or four days been aware that there is any evidence to be taken here, and even now we have not the proofs of the evidence which will be given, but we shall be happy to do our best in the two or three days available to hear any evidence that is submitted to us. I regret that Mr. Birchenough, the third Commissioner, is still unable to join his colleagues. I will now take you two gentlemen who have been so good as to appear.

Mr. GEORGE ANDREW NORTHCROFT, and Mr. JAMES GEORGE WESTLAND GORDON, examined.

Mr. G. A. Northcroft. Mr. J. G. W. Gordon.

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5247. (*Chairman.*) You are Director of Public Works?—(*Mr. Northcroft.*) Yes.

5248. You are Superintendent of Stationery?—(*Mr. Gordon.*) Yes.

5249. With regard to the first question—"The nature "and extent of the cargo imported by the Government"—you, Mr. Northcroft, say "The importations by the "Orange River Colony are at present small and inter- "mittent. For weight and bulk they are chiefly composed "of bridge work and other Public Works material, for "value miscellaneous. The expected requirements this "year are roughly 220 tons." Can you give me any idea of the proportion of your imports to the total imports of the Colony?—(*Mr. Northcroft.*) Do you mean the imports of Public Works.

5250. Can you give me any idea of the Government imports in proportion to the private imports?—No, I am sorry to say I cannot.

5251. Perhaps we shall get that from the Customs?—I should think so.

5252. The next question is "The methods by which "the shipping business of the Government is conducted, "and more particularly:—(*a*) Whether shipments are "made by the Conference Lines as a matter of course or "whether tenders are invited in the open market?" You say "Shipping arrangements are carried out by "Crown Agents. (*a*) Shipments are made by Conference "Lines by special agreements." What agreements do you refer to?—There is a special agreement which was made some years ago and which has been continued from time to time: it was made by Messrs. Freeland & Co.

5253. On behalf of the Crown Agents?—Yes. It is identical with the agreement made with the other Colonies.

5254. (*Sir John Macdonell.*) Was it in 1904?—1903 or 1904. I cannot say for certain. I think it was in 1904.

5255. February of 1904?—Yes. (*Mr. Gordon.*) We had the papers this morning, but I am afraid we did not particularly notice the date.

5256. (*Chairman.*) You do not know when that contract expires?—(*Mr. Northcroft.*) It was up to the 1st July, but it has been extended to 31st March next.

5257. Would you let us have a copy?—I do not think there would be any objection. It is a paper belonging to another department, but I do not think there will be any objection to handing it over.

5258. "Whether the Government is bound by the "rebate system? (*c*) Whether the Government is accorded "(under contract or otherwise) lower rates than those "accorded to merchants, and, if so, what is the extent of "such preference?" You say "(*b*) Government obtains "a rebate on several classes; on others special rates. "(*c*) Government obtains lower rates than those quoted to "public, but it is not possible to give the exact difference. "This concession is not desired. A reasonable rate only "is wanted." This all depends, does it not, on the conditions of the contract? The rates are in that contract?—Yes. We would not care to pay a higher rate. We should be very glad if the public could get the same rate as the Government.

5259. You say "This concession is not desired." Is that the concession to the Government of lower rates than the public have?—(*Mr. Gordon.*) We should like to pay exactly the same rates as the public.

5260. You do not want to get better terms?—We do not wish this particular concession. (*Mr. Northcroft.*) We do not desire to get better terms than the public, but, of course, we would like the public to get the best possible terms.

5261. You do get better terms under the present contract?—Apparently. (*Mr. Gordon.*) We are getting better terms. As far as I can gather, in some cases I think it is as much as 40 per cent.

5262. On certain goods?—The thing is so complicated that we are not quite certain. Mr. Northcroft had some bridges which came at the 20*s.* rate instead of the 35*s.* rate, which is a reduction of about 40 per cent. (*Mr. Northcroft.*) I could give you those terms. They are 20*s.* to Cape Town and Port Elizabeth; 22*s.* 6*d.* to East London; 24*s.* to Durban.

5263. The next question is "Whether regular sailings "and stable rates are regarded as essential or desirable by "the Government from the point of view of administra- "tion; and, if so, whether such regular sailings and stable "rates are in the opinion of the Government only obtain- "able under the rebate system?" You say "Regular "sailings and stable rates for freights are very desirable "but not essential." Do you say that, Mr. Gordon, too—that they are desirable but not essential for the goods which you procure from home?—(*Mr. Gordon.*) It is very hard to say; from the viewpoint of my own small departmental importations I agree with this generally; as a matter of board principle, however, I consider that regular sailings and stable rates are both desirable and essential.

5264. Perhaps you would like me afterwards to ask you where you agree and where you disagree?—I should say that I agree with the typed answers quite generally. It is in the exact wording that I cannot quite agree with them.

5265. "For mails regular sailings would be essential. "It would seem that as these conditions would naturally "draw freightage they should not be dependable upon "rebates." I do not quite understand that?—(*Mr. Northcroft.*) I mean that if a good regular Line were instituted it ought to carry the custom with it.

5266. You mean without having the people bound to it by rebates?—Yes.

5267. And that Line need not be afraid of competition of tramps or other cheaper Lines coming in?—Not if it is a good regular Line at a minimum rate.

5268. Supposing a merchant had some cargo to ship at a time when the tramp was sailing, would he not give it to the tramp with the lower rate?—They might occasionally. The Conference Lines would not obtain a monopoly, but they would obtain the bulk of the traffic, I take it.

5269. Now and then they would have their business interfered with, would they not?—They would to a greater or less extent, I think, according to whether they suited the public or not.

5270. You say "The rebate system is not objected to "in itself so long as rates of freight are reasonable and "that shippers are not placed at the mercy of the Con- "ference Lines." Do you consider that rates of freight are reasonable?—I am satisfied with the rates that we get. (*Mr. Gordon.*) That is under the Government concession, I understand.

5271. "... and that shippers are not placed at "the mercy of the Conference Lines?"—(*Mr. Northcroft.*) That, of course, is a general statement. What I mean is that it does not seem proper that the Conference Lines should have the arbitrary power to fine people if they for some special cause now and then send stuff by another steamer. Circumstances might arise in which it would be almost imperative to have to send by another steamer.

5272. Because there would not be a Conference steamer?—It might not exactly suit them at the time.

5273. There are an enormous number of Conference steamers, are there not?—I believe there are. It is a thing that might only occasionally occur.

5274. We have been told by several witnesses that one great remedy would be for them to have fewer steamers?—Yes, I have noticed that.

5275. Do you think that is reasonable?—Yes, I think so.

5276. Then you say, "A subsidy or special arrangement "giving all Government freights to a line of steamers "should effect regular sailings; for the latter purpose, "however, the Orange River Colony Government freights "would not at present be sufficiently large." Do you contemplate any subsidy to steamers?—No. Of course, as you know, this Government is shortly going out, and what the new Government may do is rather difficult to say.

5277. The special arrangement would be the renewal of the contract that will expire on the 31st March, will it not?—Yes; if we could come to terms like that we would be satisfied.

5278. And the last part of the sentence means, I suppose, that your shipments are not very large, so that you have not a great lever upon the companies?—That is so, acting individually.

5279. You would have to act with the other South African Colonies?—Yes.

5280. The next question is, "Whether it would be "practicable for the Government to make arrangements "for the shipment of their goods by chartering steamers "in the open market." You say, "The Orange River "Colony shipments would at present be too small for "this." You have only 220 tons in this year?—Yes.

5281. I do not think I asked you the tonnage of your department, Mr. Gordon?—(*Mr. Gordon.*) That includes my shipping. Mine is quite inconsiderable—very small indeed

5282. Principally paper?—And stationery articles. Of course, we purchase a great deal locally.

5283. The next question is, "What course has been "adopted by the Government when an opposition Line "has been started."? You say, "They have not been "dealt with. See answers to 2 (a)." You have gone on under your contract, whatever the lower rates happened to be offered by a competing line?—(*Mr. Northcroft.*) Yes.

5284. The next question is, "Whether it would be "possible for the Government to use their shipments and "the mail contracts as a means to obtain better terms for "merchants"?—You say, "This might be possible in "conjunction with other Governments, but this Govern-"ment does not desire that the contracts for mail services "should be used for this purpose." Can you tell me your reasons for that last opinion?—That is the opinion of His Excellency the Governor. He holds the opinion strongly that the mail contract should not be used for that purpose, that it might be advantageous to get very fast boats on small dimensions just to carry the mails and passengers, and that the question of the conveyance of mails should be kept quite distinct from that of the conveyance of goods.

5285. Is that because a very large number of people are interested in the conveyance of mails who would not be interested in the conveyance of goods?—I think so, and also because the quick and certain despatch of mails was of more vital importance.

5286. Do you desire to give evidence about Mr. Mosenthal's scheme of a Committee to confer with the steamship owners?—I know it was the wish of His Excellency the Governor that something of that sort should be arranged.

5287. You could not give me any figures about the relation between the Government imports and the total imports of the Colony which are about £3,000,000 value. I take it?—(*Mr. Gordon.*) It is rather a pity that Mr. Meiring, the Collector of Customs, is not here. He would have the information at his fingers' ends.

5288. (*Sir John Macdonell.*) What is the value of your imports? You have given the total tonnage. (*See Appendix XXXII.* (*c*).) Can you give the value?—(*Mr. Northcroft.*) I am afraid I cannot. (*Mr. Gordon.*) I can give mine, but it is so small it is scarcely worth considering. It is £1,450 per annum on the average. (*Mr. Northcroft.*) Mine is about £4,500 to £5,000 for Public Works. It varies very much every year.

5289. (*Chairman.*) You have nothing to tell us about exports, I suppose?—No.

5290. Would you tell me, Mr. Gordon, in what respects you do not agree with the answers to the questions which we have just been through?—(*Mr. Gordon.*) I should not say that I do not agree with these answers. I say I generally agree with them, but I think some points might be explained perhaps.

5291. Just tell me what they are?—I do not know if the wording is quite clear. The Government policy is that we are in favour of the rebate system. I think that may be said. But we would like the same freights as the public. We should like the freights all round reduced to something like our own contract freights, but we should like to keep the tramp steamer out.

5292. You would keep the tramp steamer out, and you would have the rebate system. You say "As long as "shippers are not placed at the mercy of the Conference "Lines"?—That is in the matter of rebates. At the present time I think the rebates place the shipper at the mercy of the Conference because he may have a year or 15 months rebates accumulating. I think they should be payable at least every three months.

5293. You mean three months and three months?—Yes, and as His Excellency suggested, there should be in existence an Arbitration Court in London (if possible), which should deal with the question of rebate penalties.

5294. An Arbitration Court, not merely a Consultative Committee?—No, it should be an Arbitration Court, so that it should not be left to the Conference Lines to arbitrarily adjudge whether or how they should penalise people. That is their present great hold of course.

5295. You are in favour of the rebate system so that the Conference Lines should have a hold?—Because we wish to have a good regular service of steamers and to have regular rates also. That, I think, is particularly with regard to the hinterland Colonies.

5296. From what port do your goods come?—Where are they landed here?—East London invariably.

5297. All from East London?—Yes.

5298. That is the nearest port?—That is the nearest on account of the railway journey.

5299. Nearer than Durban?—Yes. (*Mr. Northcroft.*) Our two last shipments of bridge stuff were from Durban. This is our natural port for the north east position of the Colony.

5300. You get preference on the railways, do you not?—Yes.

5301. How much?—It is 20 per cent. now. It was 33 per cent. some time ago. (*Mr. Gordon.*) It has been reduced.

5302. Do you buy much locally?—(*Mr. Northcroft.*) Indirectly we do. We give contracts out to people here who buy a lot of stuff, cement and that kind of thing.

5303. Do you call for tenders?—Yes.

5304. And you take tenders from the people at the ports as well as in the Colony?—Yes.

5305. Is there any other point on which you do not agree?—(*Mr. Gordon.*) I believe there was nothing else. I do not think there was any disagreement; it is more an elaboration than anything else. Generally speaking I quite agree. I do not quite know that a subsidy or a special arrangement would effect regular sailings. I am not too certain of that. I think the rebate system is more likely to effect regular sailings and regular freights.

5306. You do not think the Government would have power enough under an arrangement giving its custom to a line of steamers?—Not this Government by itself. A federation of South African Governments certainly would.

5307. I suppose you would not have got these terms without the other Governments joining you?—We owe these terms to the Crown Agents, who of course are dealing with other Governments.

5308. I suppose in future you will have your own agent in London, will you not?—Presumably. Other Colonies do. I do not know if it is worth while mentioning, but I should imagine that even though we have our own agent in the future, the policy of the country will be to almost discountenance importation as a Government. I should imagine they would support the local shippers, by arranging importations through them.

5309. Even in rails or articles of that kind that are not usually stocked by merchants?—It is very hard to say what the policy of the new Government will be, but I should imagine that is the indication.

5310. (*Sir John Macdonell.*) You are in favour, I understand, of giving up the preference which the Government at the present time have in regard to freight?—(*Mr. Northcroft.*) If we can get a reasonable rate. We do not think that we are paying too little.

5311. In principle you are opposed to any preference being given?—Yes.

5312. What you desire is that all customers, Governments and others, shall obtain the same terms, provided they are reasonable?—Quite. That we should all be on the same footing.

5313. You have told the Chairman that you do get a preference from the railways for the carriage of your goods?—Yes, at present.

5314. Is the preference on the railways the same as or greater than the preference given by the Shipping Conference?—It is rather more. It is about the same now, possibly, but it had been more until quite recently.

5315. What was it before the reduction?—33 per cent.

5316. It has now been reduced?—To 20 per cent.

5317. Are you in favour of giving up the reduction which the railway gives you?—It is the same in principle I think.

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5318. As far as you can see, there is no difference?—No.

5319. Your view, I gather, is that for transport both by sea and by rail the Government should be in the same position as any other shipper?—Quite.

5320. There is one observation which you make in your answers. Perhaps it is hardly worth while drawing attention to. You say in answer 2 (c) "It is not possible "to give the exact differences." Do you mean it is not possible because you have not the terms of the contract before you, or because the contract is so obscure that the differences cannot be worked out?—The contract is slightly obscure to me and I do not know exactly what terms other people are getting.

5321. In other words you have not made out an exact comparison between the two?—(*Mr. Gordon.*) I do not think it would be possible to make an exact comparison. We have no classification. But I believe the Government endeavoured to obtain it, but I have never seen it. We endeavoured to get it some years ago.

5322. That is a question which you will perhaps enlarge upon a little. You know that the Government did ask for a classification?—I have seen papers stating so. (*Mr. Northcroft.*) I have seen the letter asking for this classification.

5323. When was this request made?—It has been made two or three times during the last six months, I think.

5324. Previous to the six months was the request made?—No, I think not.

5325. During the last six months two or three such requests have been made?—Yes, I believe so.

5326. Are you in a position to state what the answer to the request was?—The answer was that the Shipping Conference Lines at present did not issue such a classification list.

5327. Would it be possible to see the correspondence on that subject?—I think so.

5328. Do you know between what Lines, members of the Conference and your Government this correspondence passed?—This particular answer came from Bucknall's.

5329. You spoke also of two or three requests. Were the requests made to the same people?—Our requests were made to the Crown Agents, and they acted through Messrs. Freeland. I did not notice particularly.

5330. I think it is the same correspondence that we have already seen. Do you think it would be convenient for the purposes of your department that such a classification should exist?—For my own it does not matter very much. My stuff is special.

5331. For yours, Mr. Gordon?—(*Mr. Gordon.*) I am not aware how mine would go, not having seen the classification. It is possible mine would go under different classes.

5332. Would you rather, as a business man, have a classification?—I should much rather have a classification.

5333. I want to see exactly the position which you take up in regard to the rebate system. I understand that in principle you do not object to the rebate system?—(*Mr. Northcroft.*) No.

5334. But you desire to see the rebate system maintained with certain modifications?—Yes, when you say the system, it is this hold that the Conference Lines have over the public which we do not like.

5335. You do not object in principle to a rebate?—No.

5336. Then you say there must be two things to reconcile you to it—the rate of freight must be reasonable and the shippers must not be placed at the mercy of the Conference Lines. What test of a reasonable freight would you suggest?—That would be a matter for considerable investigation, I should imagine. Of course, our test is that we get goods at a lower rate.

5337. You are struck with the disparity between your rate and rates which you hear of that the public elsewhere pay?—Yes, and these rates which are constantly quoted in the papers of freights to Australia and New Zealand.

5338. Are you sure that these rates quoted in the papers are particularly instructive for your purpose?—They are not definite.

5339. You have not studied this subject very closely?—No.

5340. Then I come to this condition that you mention "that shippers are not placed at the mercy of the Con- "ference Lines." If the deferred rebate is to exist at all must not they be at the mercy of the Conference Lines?—That is a very difficult point.

5341. What I am pointing out to you is that you say you are in favour of the deferred rebate, but you seem to object to its essence?—Yes, I do not know that I am not against the deferred rebate. What I do not object to is that some concession should be given to people who steadily give their business to these lines.

5342. I am not sure that you make your position very clear. What is it that you would desire?—That people who constantly deal with these lines might have some concession from these lines.

5343. They get the rebate?—They get the rebate, under conditions.

5344. What more would you say they should get?—Perhaps I should say that personally I should like to see that the rebate was not retrospective, that people may refuse to go on dealing with them but that the Conference Lines shall not have the power of refusing to pay rebate which has been already earned.

5345. You would have from time to time a balance struck and the portion of the rebate which was behind that time you would suggest, should not be forfeited by reason of subsequent disloyalty. Does that express it?—Yes, also that if there were any moot questions that it should be possible for those to come before some kind of Arbitration Court.

5346. That is the next point on which I should like a little elucidation. The point whether or not shippers have shipped by the Conference Lines is a very simple question. It would hardly be worth while establishing an Arbitration Court to determine such a simple question as that?—Not if the point is conceded, that a balance would be struck from time to time.

5347. But that too would be a tolerably simple question?—Yes.

5348. Have you in your mind the idea of this Arbitration Court or Arbitration Tribunal settling any other questions than the question of rebate due?—I do not know that there would be any other questions they would have to settle. I must admit that I have not studied this question to any extent.

5349. If you tell me you have not looked very closely into it, I do not know that it is any use my asking you questions in regard to it. Are you prepared to say whether, in your view, the present ocean freights affect the price of any class of goods in this neighbourhood?—I am not prepared to say that they absolutely do, but the tendency must be to affect them slightly.

5350. When you say "must," what kind of goods are you thinking of?—I am thinking of general goods—groceries—household goods.

5351. Do you say the price of groceries would be affected?—Yes, they must be affected if the freights are high.

5352. Must they affect the consumer?—That is a question that I am not prepared to answer.

5353. Could you express an opinion as to whether the railway rates are much higher than the ocean freight rates for groceries and the like commodities?—My opinion is that they are higher.

5354. And that if there is any effect upon the price of groceries by the ocean freights the effect of the higher railway rates upon the price of groceries must be still greater?—Here in Bloemfontein, yes.

5355. What are your main reasons why the mail contract should not be used for the purpose of obtaining better terms for shippers of goods?—I speak with some diffidence. It is the position that is taken up by our Government. There were no very distinct reasons expressed.

5356 You are merely instructed to express that opinion without being empowered to give the reasons for it?—Yes. I have, of course, made that statement that it is considered that the mails might be carried by smaller fast steamers which would not be suitable for goods—steamers of very high speed.

5357. Is it contemplated that these small steamers with a high rate of speed shall carry no goods of any kind, even first-class goods?—That they would go at

such a speed and be of such a size that they would hardly have room for goods.

5358. The proposal is made on the supposition that these swift boats will be boats carrying only passengers and mails, and not cargo?—Yes, requiring practically all their further space for coal.

5359. (*Chairman.*) Not even carrying passengers?—Only a limited number.

5360. A reversal of the policy of late years—instead of having fine big boats carrying in comfort a number of passengers, they would be quite small despatch boats. Is that the policy?—On this route. Of course, they would not be quite small; they would have to be of considerable size.

5361. (*Sir John Macdonell.*) Can you mention any example of such a form of mail contract?—No, I cannot.

5362. Might I say that such a form of mail contract would be absolutely unique?—I have known it attempted in a small way.

5363. What was the attempt which you knew of?—It was a coasting line in New Zealand, where they had a very fast steamer, but they found when they tried to make her travel at such at rate that she was not sufficiently strongly built.

5364. You will admit that that illustration, if relevant, is not a very hopeful and encouraging one?—No, it is not.

5365. (*Chairman.*) I do not know whether you could get for us the attendance of those two gentlemen representing the Agricultural Department and the Customs?—I will see what can be done. (*Mr. Gordon.*) You asked Mr. Northcroft about placing shippers at the mercy of the Conference Lines. Is that thoroughly understood? I should like to emphasise the point about the length of time during which the rebate is held over. It is 15 months. That is what I consider places shippers at the mercy of the Conference Lines, as also the fact that the persons who decide as to penalisation under this rebate system are the Conference Lines, and it is here that this Arbitration Court or consultative body could help us.

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5366. (*Sir John Macdonell.*) Could you answer then a little more definitely the question which I put to your friend, namely:—whether you contemplate this Arbitration Court determining other questions than questions connected with rebates?—I think this Court should form the nucleus of a body which would be very useful on other questions connected with freight.

5367. When you use the term "nucleus of a Court," do you mean it should have no further power at present, but that you hope some day it should have that power?—That would greatly depend on how the Conference Lines recognised this Court. Of course, the Conference Lines may very well say "We shall not recognise any such "Court." They would first have to fall into line with us.

5368. And if they did not recognise that Court, are you instructed to say what policy is contemplated?—I am not actually instructed to say. That would be a difficult matter. I think every hope would be that such a body would be recognised as a consultative body and as an Arbitration Court.

5369. (*Chairman.*) Have you any other point you would like to bring forward?—That is all.

5370. Have you any other point, Mr. Northcroft?—(*Mr. Northcroft.*) No. In fact, I think those answers practically convey everything that I wish to say. (*Mr. Gordon.*) Mr. Meiring would be able to give you the information you require as to the proportion between Government and the total imports.

Mr. Robert Hare Fitzroy Dumaresq, examined.

5371. (*Sir John Macdonell.*) What are you, Mr. Dumaresq?—I am Secretary of the Department of Agriculture.

5372. Has that Department existed some time?—Since the war. Not quite on its present basis, but there was an Agricultural Department immediately after the war which was formed into a Department of Agriculture, with Mr. Palmer as Director in 1904.

5373. Have you come to give evidence generally in regard to the subject of deferred rebates, or in regard to some particular point?—Upon the particular point of the great difference in rates on live stock from Europe compared with Australia and America respectively.

5374. That is the only point with respect to which you desire to speak?—Yes, that is all.

5375. I think you have prepared a statement, Mr. Dumaresq, with respect to the freight charged by the Conference Line for horses, cattle and sheep, and you have made a comparison between these rates and the rates charged from Canada and Australia?—Yes, in-so-far as we can deal with different animals. From Australia we have not had much experience in importing horses or cattle, but we shall be in a position to give figures later on. (*See Appendix XIV (b).*)

5376. As far as Australia is concerned you deal only with sheep?—Only with sheep.

5377. Taking that part of your statement which relates to shipments by the Conference Lines, between what dates were these rates charged?—On December 20th 1906, by the intermediate steamer "Avondale Castle" we received three Arab fillies and a shorthorn bull.

5378. I will not go into the details for the moment, I only want to know the dates. You have given me one in 1906, what are the other dates?—They have all been either on that date or since that date. The others are at the beginning of 1907.

5379. So far as Canada and Australia are concerned, what are the dates?—The importations from Canada were August, 1904, and our importation of sheep from Australia was November, 1906.

5380. You have no dates for these Colonies for 1906?—Only Australia. Canada was previous.

5381. Taking the column relating to importations from Europe, the first case that you mention is:—Three horses, freight by intermediate steamer total £23 2*s.*, and then you give the rates quoted by the Conference Lines per mail boat as £28. Now you give an example of one bull, freight from England £21; six Friesland cattle from Rotterdam £15 15*s.* By what line was that shipped?—I can tell you by looking up the papers. I forgot to put that in, but I will see if I have it here. By the steamship "Plauen."

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5382. Belonging to what line?—It does not state.

5383. Do you know that to be a Conference steamer?—I believe so. At any rate, the rates paid were the same, or very nearly the same—within a few shillings—as those by the Bucknall Line from England.

5384. That the next entry consists of seven Devon cattle shipped by the Bucknall Line, freight, the same, £15 15*s.*?—Yes.

5385. Dealing with sheep, you give the quoted rates one to five head, £5. Six head and upwards, £4 10*s.*, including pens and water and fodder on the ship?—Yes.

5386. Then you compare the case of the shipments of sheep with those from Melbourne to Durban in large consignments of 1,000 sheep or over; average per head, 11*s.* 6*d.*, food and attendance on board, 6*s.* 6*d.*, total 18*s.* Pens and water included?—Yes.

5387. Of course, as far as the sheep are concerned, in these two cases you are quoting rates for 1,000 head and over and comparing them with rates for small quantities, are you not?—Yes. It is the only means we have of making a comparison, because we have only imported in these quantities. Of course, I am quoting from actual experience.

5388. Taking the Canada shipments and dealing with horses, you have five horses, ocean freight, including food on voyage, £7 18*s.* 4*d.*, and you compare that as against £28 8*s.* for three horses conveyed from Europe?—Yes—each.

5389. Next you take cattle from Canada, and you show that two consignments, one of 51 and another of 11—£5 4*s.* 6*d.* in the one case and £5 10*s.* in the other; and you compare that with Friesland cattle and the Devon cattle, £15 15*s.* respectively. Then you compare 12 sheep from Canada, £1 7*s.* 6*d.* as against £4 10*s.*?—From England, yes.

5390. These are the grounds on which you contend that the rates for live-stock from the United Kingdom are excessive?—The United Kingdom and Europe.

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5391. Taking your European column, are all or any of the horses, or cattle, or sheep, included in that column, what might be called pedigree horses, pedigree cattle, or pedigree sheep?—Yes, the horses were three Arab fillies; I could not call them thoroughbred, but of Arab blood, for stud purposes.

5392. Animals of considerable value?—Yes, about £30 to £40 apiece.

5393. Not more?—I cannot remember the exact figure, but it certainly would not be more than about £50 apiece.

5394. What do you mean by the figure you gave for them?—The price we paid for them in England.

5395. They were imported by the Government?—Yes.

5396. For stud purposes?—Yes, all of them. The bull cost £50 in England.

5397. The sheep?—That is only quoted rates. We have not imported sheep from England.

5398. In candour would you not admit that rates for pedigree animals, even if not of the very highest kind, can be compared only with some reservations with rates for ordinary horses and sheep?—The animals we got from Canada, though perhaps not as——

5399. Do I understand that the column for Canada relates to animals which your Department imported?—Yes.

5400. And the same is true of the sheep from Australia?—Yes, they are all imported by us.

5401. At all events, the animals coming from Europe were of a higher value than those brought from Canada and Australia?—Of a higher monetary value, yes. I think our sheep from Australia will turn out to be worth to the country considerably more, and I may say that amongst them was a ram of 100 guineas in Australia, which came at the rate of 11*s.* 6*d.* a head. There was no further charge for him, beyond his insurance that we had to pay, than we paid for a ram worth £3 in Australia.

5402. Did the shipping company accept this valuable ram, with full knowledge of its value, on the usual terms?—As far as freight was concerned, yes.

5403. On just the same terms?—Yes. It was simply so many sheep on the invoice, amongst which were two rams, 50 guineas, one 100 guineas, 50 stud ewes, 4,400 odd ordinary flock rams and ewes.

5404. You think that in charging only the ordinary rate of freight the shipping company had no doubt full knowledge of the exceptional value of these animals?—As far as I am aware, because the insurance would show that.

5405. Would they be necessarily cognisant of the terms of the insurance?—I presume the shipping documents would show.

5406. Are you sure?—No, I am not sure.

5407. I forget whether you told me what the line was that shipped from Australia?—They came by a ship called the "St. Helena." What line it was I cannot say for the moment.

5408. As regards the animals coming from Canada, were they of a superior class?—Yes, amongst them were included two Clydesdale mares, which require rather special accommodation.

5409. Of exceptional value?—They were well-bred mares.

5410. What did you pay for them?—I cannot say from memory. It was before I joined the department. I only know they were imported.

5411. As regards the cattle, did they include any animals of great value?—Yes, there were a fair lot of dairy cows.

5412. Did you pay exceptionally high prices for them on account of their exceptional quality?—We paid higher than we would for the ordinary dairy cows. They were picked dairy cattle. I do not say they were stud.

5413. And the same would be true of the sheep?—Yes.

5414. Do you ask the Sub-Commission to take as the effect of your evidence that your Department has imported from Canada and Australia animals of an exceptionally high character at rates very much below those which are charged for similar animals from Europe?—Yes, most emphatically. The remark I would like to make in that connection is, if we want to get pedigree stock, bred by breeders in England, it pays us very much better to go to Canada and get them from men who have imported them or their progeny in their turn from England. The mere question of freight makes it disadvantageous for us to go to the breeders of English stud stuff.

5415. Are you now describing what you have actually done in a particular case?—No, that is the inference to be drawn.

5416 That is the inference you draw from these exceptionally high rates?—Yes.

5417. I suppose you will admit that if a very large number of animals, be they horses, cattle, or sheep, were shipped in vessels specially constructed, at all events, for that particular voyage, for the carriage of such animals, you would expect a very low rate of freight?—Well, no, I do not think I should; because on most ships, if you are sending five or six or a dozen sheep, there are sufficient pens constructed in the ordinary course to carry these sheep for the butchers. As a rule, we get the butcher to look after them. Coming from Australia the last time we had 4,500 sheep. The whole ship had to be fitted from top to bottom with pens for the sheep, and those pens, which must have cost hundreds of pounds, and which were included in the 11*s.* 6*d.* per head, were sold to my knowledge, to a Malay in Durban for £20.

5418. Am I right in saying that the bulk of the shipments of animals, horses, cattle, and sheep, from Canada and Australia, are in large quantities, and animals of low value?—In the case of sheep, yes.

5419. And in the case of cattle?—As you will see, from Canada our sheep were only 12.

5420. And in the case of cattle the same would hold good?—We only got 51 and 11.

5421. I am asking you whether it is not the case that the bulk of the shipments from Canada of horses, cattle, and sheep are of large quantities and shipments of animals of rather low value?—I think so, as a rule. I think it is also very likely—although I cannot prove it—that if the shipments from Canada were in larger quantities than they are given here—for instance, supposing we could take the whole of the upper deck of a ship and fill it with cattle, I think it likely we should get a lower rate.

5422. You are now speaking of the rates from Europe?—From Canada—because these particular shipments are rather small shipments.

5423. I suppose the same would be true of sheep from Australia—they come in large quantities, do they not?—Yes, as a rule.

5424. May it not be the case that most of the shipments from both these countries—Canada and Australia—are in vessels specially constructed for the particular voyage for their conveyance?—No. They mostly come across in wool ships.

5425. Are some of the decks specially put aside for them—provided with special pens?—I mean, ships intended for the shipping of wool. The pens have to be constructed specially. The ordinary deck is used, and between each deck there are two layers of sheep, one on top of the other.

5426. And, of course, lines which laid themselves out peculiarly for that kind of traffic would be likely to offer better terms?—Yes. I think they would sooner have wool. We had rather a difficulty in getting over our last lot of sheep from Australia, because the wool came in rather early, and the result was, that for the last shipment of sheep we had to pay 12*s.* 6*d.* for the last 4,000, as against 10*s.* for the first 3,000.

5427. I do not want to labour this point, but may I take it that, roughly, at all events, this is the case: That from these two countries, as a rule, cattle, horses, and sheep come in large quantities; as a rule, from Europe they come in small?—I would not say that applied to Canada as far as our department is concerned.

5428. Have you ascertained whether or not the Conference Lines will grant you a reduction in the rates provided large quantities are shipped?—No. As far as I know, we only have their quotations.

5429. Have you made applications for special quotations for large quantities?—No.

5430. It may be the case that they would grant more favourable terms for large quantities?—It may be so, but I am basing my remarks on small quantities. We got small quantities from Canada and from Europe. It is not likely we would ever go to England for large quantities of sheep.

5431. Have you any other remark to make with reference to this table?—Nothing else.

5432. (*Chairman.*) Are those rates paid under the agreement made by the Crown Agents in 1904—are the rates paid to the Conference Lines for these sheep under a special agreement?—That would be for the Colonial Secretary's Department to answer. I know nothing about that part of it.

5433. You said you were not likely to get sheep in large quantities from Europe?—No.

5434. Do you think you are likely to get cattle if you had a reasonable rate?—I do not think so.

5435. Do you get them from Australia on account of Australia being more like this country in climate than England is?—Partly that, and partly because the animals themselves, as was said, are less valuable on the whole.

5436. You get them rather cheaper?—Yes.

5437. Yours is a very active Department, is it not?—We are kept going pretty well.

5438. I notice in the statistics of horses, cattle, and live stock in the Imperial returns up to 1905, your cattle have increased from 156,000 in 1903 to 525,000 in 1905. Is that so?—As near as one can get, allowing for the natural increase and for importations, but the importations would be a very small matter.

5439. Your cattle increase at a very high rate, do they not—in two years from 156,000 to 525,000? In two years you get more than three times the number of cattle?—I do not know how to account for that.

5440. We hope it is partly owing to the efficiency of your Department?—I hope so. Of course, we have a lot of cattle in from the Cape. Our farmers have been buying largely all over the country.

5441. That increase must surely be caused by importations from the other South African Colonies?—Yes, largely. Our farmers had to re-stock after the war, and they went to the nearest place they could get them from.

5442. That brings me to the point of the quality of these cattle. Are they of satisfactory quality, or as good as if you bred them from your pedigree stock that you could get from the United Kingdom and other countries?—It depends. Of course, there are some that are not—and, in fact, the majority are not. The majority are what you might call ordinary farm cattle that we get from the Cape Colony—ordinary dairy cows, cross-bred Frieslands and so forth—whereas what we import are pure pedigree stock, with a view to selling the bull calves to the farmers in turn.

5443. Do you attach great importance to getting lower rates on cattle from the United Kingdom because it will improve the quality of your stock very much more than if you got your cattle from the neighbouring Colonies?—No, I do not think we mind much from where we get our cattle, as long as we get what we want. In England we can get cattle that we know have descended from herds hundreds of years old. In the same way we go to Australia if we want sheep, because we can get a class of sheep there that suits our country, and their breeding, for sheep, has been equally pure; in fact, it is a made type in Australia which suits the climatic conditions of this country.

5444. I suppose what you desire more than anything is to improve the quality of your stock here?—Yes.

5445. It does not cost any more to feed a good beast than a bad one?—Not at all.

5446. When we come to sheep, I see you have had very large increases—from 1½ million in 1903—in 1905 you have more than 4 million sheep?—Yes. We imported enormously from the Cape Colony immediately after the war.

5447. How did they manage to spare all these sheep?—The result was that they sold to us so largely—we paid such good prices—that at the end of 1905 we sent a Select Committee down to the Cape to enquire into the supply of decently bred ewes and lambs for the Orange River Colony, and the result was so meagre—we had cleaned them out of sheep—that we went to Australia and purchased this shipment of 7,400.

5448. I suppose that whatever the freight is, you will get most of your stock of sheep from Australia, will you not?—I think so.

5449. So that the rates on sheep are not so practical as those on cattle and horses?—I do not think so. We know we can get the sheep we want from Australia, and we can get the freight we want; but, with regard to the question of horses and cattle, of course there is a limit to what Government can do. We can have our stud farm, but it stops the private individual from going to England. For instance, a farmer wants to get a good stallion or bull, and he sees he has to pay 23 to 28 guineas. As a matter of fact, I got a letter this morning from a gentleman in Heilbron, who has had to pay £33 12*s.* for one stallion from London to Durban, and I have written this afternoon asking Messrs. Donald Currie if they cannot see their way to give us some rebate, as it seems an enormous amount.

5450. What you say applies especially to horses and cattle?—Yes.

5451. (*Sir John Macdonell.*) Have the railway companies made any reduction in the rates for pedigree cattle and horses?—Not to my knowledge. Importing for Government, we get the ordinary Government reduction—half rates.

5452. Could you tell me what would be the railway rates on any of these shipments?—I can tell you on the sheep from Australia. From Durban to Harrismith it is 2*s.* 1*d.* per head.

5453. You cannot say with regard to cattle?—No. I can supply you with the information.

5454. And horses?—No.

5455. Another point I ought to have mentioned before. Who looks after these valuable horses when they are being brought from England to this country?—As a rule, the butcher.

5456. Someone connected with the ship?—Yes. He gets paid; we always pay him a bonus of £5 or £6 for his trouble.

5457. Is that a gratuity?—It is; but the animal would probably die if we did not.

5458. It does not go into the coffers of the Conference Line?—No, it is a private transaction.

5459. In the case of these animals conveyed in large quantities from Canada and Australia, who looks after them?—I can only speak of this special instance. In this particular case, our present stockman, who was engaged in Canada, came with them; he was coming to us as a servant. What we should do in other cases I could not say.

5460. What has been done in other cases?—That I cannot say. I could not tell you, because I have not the knowledge.

5461. Is it the case that some cattleman has to accompany them?—Certainly, it would be the case if they were in any kind of a quantity.

5462. Who would pay for the cattlemen?—The Government or the importer.

5463. That charge would have to be added to the Australian or Canadian?—It is added in the sheep—average per head, 11*s.* 6*d.*; food and attendance on voyage, 6*s.* 6*d.* That includes the payment of the stockmen. Seventeen came with the last shipment.

5464. It includes the attendance as well as the food?—Attendance and pay of the men, including all the time they are delayed in South Africa, which, in this instance, was six weeks We could not find a boat to take them back.

FIFTEENTH DAY.

Conference Room,
Bloemfontein,
Friday, September 27th, 1907.

PRESENT :

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*),

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. THOMAS FRANCIS TORBET, Mr. ARTHUR EMANUEL FICHARDT, and Mr. CHARLES WILLIAM CHAMPION, on behalf of the Affiliated Chambers of Commerce, examined.

Mr. T. F. Torbet.
Mr. A. E. Fichardt.
Mr. C. W. Champion.
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5465. (*Chairman.*) You appear on behalf of the Affiliated Chambers of Commerce of the Orange River Colony?—(*Mr. Torbet.*)—Yes, I do.

5466. Are you President?—I am President of the Orange River Colony Chamber of Commerce; with which is affiliated many local chambers.

5467. (*Sir John Macdonell.*) The Affiliated Chambers of Commerce have been good enough to answer certain questions which have been submitted to them. I propose taking you through their answers and asking you some further question with respect to them. The first question put to the Chambers of Commerce was, "In "what manner or by means of what documents is the "rebate system so far as concerns the trade from South "Africa worked in South Africa"? and your answer is, "On application, generally through the London agent, a "regular form being used." I do not propose to ask you much about that. The rebate is always paid in London?—That is our information. In this matter, I may say, we took the trouble to gather the information from the ports that ship the produce of this country. We have only one exporter belonging to our Chamber. The majority of the members are importers. That member was good enough to provide us with the information that we have set down for you regarding the export of produce from South Africa.

5468. How many members belong to the Chamber of Commerce which you represent?—We have a membership of about 130. Then in addition to that, we have the Affiliated Chambers, which probably bring up the number by another 80 members at the least, so that means we are representing a matter of over 200 members.

5469. Are the members, with very few exceptions, importers or exporters?—Importers.

5470. You mentioned one exporter. Is there more than one?—We have members that are stationed at the ports, but they are also members of other chambers.

5471. I gather from what you have stated that the information in answer to Question No. 1 has been collected from information obtained at the ports?—From a member of our chamber who was stationed at the ports.

5472. The next question put to the Chambers is "Does "or does not the merchant in South Africa get the benefit "of the rebate (*a*) on consignments to South Africa; "(*b*) on consignments from South Africa"? and your answer is "Yes and No, according to arrangement——" What do you mean exactly by that?—In that matter we will take, first of all, the imports into South Africa. Merchants importing regularly to South Africa usually have an arrangement that the rebate is forwarded to them or a credit note sent for the rebate as soon as the same is paid by the shipping company to the shipper in London, but there are instances of smaller men who import through firms in England and Scotland—they are charged up with their freight along with the other expenses and the rebates are not given to them.

5473. You add "—but it is recognised that many small "shippers do not get the benefit of the rebates, as the "same are not refunded by the shipping house." Of these many cases could you mention some?—I can give you one in particular. I do not know whether I would be allowed to give it for public information: I can give it for private information. We had a gentleman, a member of our Chamber, from Frankfort in the Orange River Colony: he says he has not got his rebates: he gave us the name of the firm that he was dealing with in London. It is a firm that does an extensive business throughout South Africa with small importers.

5474. Without asking you publicly to give the name, would you kindly write it on a piece of paper and hand it to the Chairman?—Yes, with pleasure (*handing in paper*).

5475. That is one case which you mention, but you speak in your answer of many small shippers. Can you think of some other instances?—We have had information to that effect. I am not prepared to give a list of the names of the people.

5476. (*Chairman.*) You do not give the name of the shipping firm?—I can give you that (*handing in paper*). With reference to your further question, we took the precaution to get our secretary to collect the information, and we found in Bloemfontein alone six or seven importers who have not received their rebates.

5477. (*Sir John Macdonell.*) Were they aware of their right to receive the rebates?—Well, from the information they gave us they were not: they were rather doubtful about it. With a small importer I suppose he does not go into the matter as thoroughly as he should do.

5478. Is it your impression that in Bloemfontein and other places in this State there are a considerable number of small importers who are ignorant or doubtful as to their rights in regard to this matter?—It is.

5479. Would you recommend, as has been sometimes recommended, that in the Bill of Lading or some other shipping documents there should be a distinct notification to the importer—large or small—of his right to the rebate, or have you considered that point?—I have not considered the point, but I would certainly agree that such a suggestion is a valuable one.

5480. The ne... of your answer, which I shall read, is "If produce is bought on commission the rebate "is allowed to the principal; if at a price landed in "England it is retained by the agent." By the term "principal" I suppose you mean the merchant in England?—That we would take from the South African shipper, who is called the agent, at the coast, who buys the produce on commission. He would allow to the seller or the producer the amount that he received in rebate.

5481. On the other, if it is at a price landed in England—that is, c.i.f.—it is retained by the agent?—Yes. He gives a price.

5482. Which includes the freight?—Yes.

5483. And the rebate?—Yes.

5484. The next question put to the Affiliated Chambers is "In what cases, if any, have rebates been forfeited by "merchants in South Africa?" and your answer is "When the shipper has shipped by outside steamers in "contravention of agreement." I would ask you, in respect to that answer, whether you merely mean by that that the Shipping Conference would have the right in such circumstances to forfeit the rebate? Do you mean that or do you mean something more?—No. That is our meaning in the matter, that people going outside the Conference Lines would lose their rebate; it is entirely at the option of the Conference Lines.

5485. The question, if I may say so, was intended also to elicit whether or not you knew of instances in which in fact the rebate had been forfeited?—We cannot give direct cases.

5486. When you say, "We cannot give direct cases," have you any information on the subject at all, direct or indirect?—One of our members has got the cases.

5487. Perhaps your friend would supplement the information?—(*Mr. Fichardt.*) Here is one case. I have a copy of the correspondence. We ordered a lot of barbed wire through Richard Johnson & Co., the barbed wire people in England. This was in 1902. Mr. H. M. Howe is the agent at Port Elizabeth for this firm. We did not instruct them to ship the wire by any particular Line as we understood they knew the shipping arrangements for South Africa, but through some mistake they shipped by the Houston Line, and we have a letter from William Dunn & Co., our agents in London, a copy of which I give you here and a copy of our reply. In that letter the Union-Castle Company have advised Dunn confidentially that certain lines of ours have been shipped by the Houston steamers under our mark, and they warn us that we shall lose our rebates and that in future we would be charged double for future shipments. The moment we return to them they would charge us double.

5488. Would you mind reading the sentence which conveys that statement?—"The Union-Castle Steamship "Company have advised us confidentially that some goods "under your mark and for you, are being shipped by the "Houston steamer, and have asked us to wire you that "they cannot possibly allow this to go on. That ship-"ment involves the forfeiture of all rebates and the "necessity of charging you double rates on all future "goods." Then we wrote to explain that we had nothing to do with the matter, that Richard Johnson & Nephew had shipped, so it would not affect our rebates, and to show our *bonâ fides* in the matter, we refused to accept the consignment. It was left at the coast in Mr. Howe's hands and the correspondence extended for months. Because of the fact that we had not instructed them to ship by the Houston Line, they allowed us our rebates, but I take it that had we given definite instructions for them to ship by a Houston boat we would have forfeited our rebates and had to pay double on future shipments.

5489. At all events, in that particular case neither part of the threat was carried out?—For the simple reason that we satisfied them that we had not given any instructions on the matter.

5490. This took place in 1902 during the freight contest?—Yes, in 1902. I may state that we refused to support the Houston boats when they came to see us.

5491. That is an instance in 1902. Do you know of any instance of a later date?—No, I do not, for the simple reason that we then gave instructions that nothing was to be shipped for us outside the Conference Lines. Since then all these instructions have been carried out.

5492. That is the only instance?—That is the only instance which we can quote. (*Mr. Torbet.*) I do not know if my information in regard to this matter is quite a reply to your question. It certainly affects the matter of the rebates. My firm entered into a contract with the Houston Company and we were informed that we would lose our rebates and also that for any cargo we had coming out to South Africa, if we wished to use the Conference Lines, we would have to pay an increased rate. I may say that as the Houston Company went into the Ring afterwards, we did not lose our rebates. It was only a threat.

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5493. So for as you know, has there been any instance since 1903, of an actual forfeiture of rebates?—Not to my knowledge.

5494. The next question put to you is to this effect, "What objections, if any, have you to the system of "Rings or Conferences, and to the system of deferred "rebates. Do you consider that these objections outweigh "any advantages which are to be derived from the system "of Rings or Conferences and the system of deferred "rebates." I will take each part of your answer by itself. The first part is to this effect, "The objections "are that in the present case the Ring maintains prices "above what are fair and reasonable, and that the high "cost of living is maintained thereby." I invite your attention, in the first place, to the statement that the prices are above what are fair and reasonable, and I would ask you to give me, if you can, your reasons for that statement?—That is, in comparison to the rates of freight to Australia, which is double the distance.

5495. That is the main ground?—That is one, and otherwise in the working of the rebates we have an instance of a competitor coming in, and merchants are afraid to use competing lines for fear that they shall suffer damage in the matter: and as to the maintenance of high rates, we may say, in this connection, that we object to the rebate as a means to an end.

5496. I think, if I might say so, that will come in the last portion of your answer. For the moment I was inviting your attention to the statement by you that prices are above what is fair and reasonable. Have you exhausted the reasons why you think them unreasonable?—Comparatively we say they are unreasonable.

5497. Have you taken into account the fact that the back freight from South Africa is small and irregular?—We have recognised that fact.

5498. It is an important factor?—We have recognised that factor as an important factor; still, we consider that the rates might be considerably reduced.

5499. Your next statement is that the consequence of these high prices is that the high cost of living is maintained thereby. Might I ask you how the ocean freights for goods imported here compare with the railway rates from the coast?—They compare very favourably.

5500. In other words the railway rates are very much higher?—Yes, very much higher.

5501. And if the smaller ocean rates affect the high cost of living, the railway rates must affect them still more?—They do so.

5502. Very much more. Would that be right?—Yes, very much more.

5503. When you say the high cost of living, what articles would you specify for example?—In that case, food stuffs that are imported here; furniture that is necessary for the comfort of the people; one might say pretty well every article that is used by people.

5504. Take one article. Take the case of candles, which happens to be before me here. Do you happen to know the ocean freight for candles; to Port Elizabeth I suppose it would be?—It would be East London.

5505. Do you know the ocean freight. I will tell you what is stated here and you will tell me whether it is right or not. This is from Cape Town and Port Elizabeth to Kimberley; and of course it may not be quite right. The ocean freight is given as 25*s.* per ton. Would that be somewhere about it?—East London, in that case I suppose, would be about 27*s.* 6*d.*, probably.

5506. Supposing it was about 25*s.* per ton of 2,240 pounds, what would that work out at on a pound of candles?—Yes, but I do not think you will get 2,240 pounds to a ton. It is a ton measurement.

5507. Is it measurement for candles?—It is optional for them.

5508. That is one of the points on which you will enlighten me. We have been told it is optional. How, in regard to such a commodity as candles, is the freight charged. Are you certain it is by measurement?—I do not ship candles myself.

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5509. I will abandon that instance if you would like me to take another?—I would prefer to take another.

5510. Supposing it were by weight, that would work out at something like a seventh of a penny on the pound of candles?—Yes.

5511. Even if they were carried for nothing, do you think the price of them to the consumer would be much affected?—Take the case of candles, those are things that lie very flat. There are other goods.

5512. That was an illustration, but that is not the illustration which you say is the best. Give me a better illustration?—I would like to take, say, wearing apparel. Take, for example, hats. The freight on hats runs to a matter of 25 to 30 per cent. on cost.

5513. You are now speaking of the present rates?—Yes, the present rates. They come by measurement, and a ton measurement will scarcely weigh half a ton.

5514. In the case of clothes?—Say, hats and articles that are bulky.

5515. I have before me certain rates which were handed in at Port Elizabeth—clothing, 42*s.* 6*d.* Would hats come within that?—Yes, it is the same rate.

5516. Just continue the illustration, please?—With that we have an instance. In this country we are not producing these things; we have to import them. People are compelled to wear such articles. If the freight on these was reduced to the rate of freight that is charged for Government contracts the cost would be considerably reduced. As you will quite understand, the selling price is based upon the cost. There must be a profit charged upon the freight, and not only have the public of South Africa to pay the increased rate on the freight, but they have got to pay the merchant's profit upon that freight.

5517. That I should expect. Would you make this a little clearer by taking, if possible, an actual consignment, if not, some suppostitious consignment, and see how it would work out?—Take this for an example: Suppose you import for the poorer people of this country a supply of straw hats. Take a case containing £5 worth of straw hats; that would probably cost from £1 5*s.* to £1 10*s.* for freight.

5518. You are now thinking of an actual case?—Of a thing which I could prove. I could put in evidence.

5519. You are thinking, also, of the rates of to-day?—Yes, of these rates.

5520. Supposing you reduced that rate by something like 20 per cent. Taking the 30*s.* that would bring it down to £1 4*s.*, would it not?—Yes.

5521. Do you think that the consumer, the man that buys and wears the hat, would get all or any part of the benefit of that?—Oh, yes, I am sure of that fact.

5522. You do not think it would merely mean an increase in the profit of the merchant—the storekeeper—selling the hats?—Oh, no. That price is regulated by competition. It costs all merchants the same price to land the goods, therefore, the prices being regulated by competition, must be fairly steady in all places.

5523. Might I just ask if you happen to know what the rate for the conveyance of a similar consignment by rail would be?—6*s.* 10*d.* per 100 pounds weight from Port Elizabeth.

5524. That would be, in this particular case, how much?—Probably the case would weigh—they are very bulky goods—I suppose the case would weigh about 500 pounds, at the outside.

5525. So that the cost by rail would be much the same?—Much the same in that instance.

5526. Then the next portion of your answer is, "Deferred rebates bind the merchants for too long a "period (15 months), thus preventing them from taking "advantage of any opportunity which might occur of "fixing up arrangements with other shipping lines. "The advantages are, a regular service and uniformity "of rates." What is the general opinion of the Chamber, taking into account the advantages of this system—favourable or unfavourable to the system of deferred rebates?—Unfavourable, inasmuch, as the period covered is much too long. We would like to see the period a shorter one, inasmuch, as we have not at the present time and under the present conditions stability of rates. We have had a recent example of the rates being increased. Now if such a thing occurred and the deferred rebates were continued, shippers at home would be unable to take advantage of any competing line that would be able to offer to carry the goods at a lower rate.

5527. Do you mean, by what you have now stated, that, provided the period of retention were reduced from six and six months to three and three, you would be favourable to the system of deferred rebates?—Yes. We do not disagree, altogether, with the system of rebates.

5527A. Is that another way of stating that you are favourable to it, subject to the modification which you have stated?—We are not opposed to it. We are not in favour of rebates, but we are not opposed to the system so long as it does not impose too great a tax upon the shipper at home. I hope I am making myself quite clear in this case. In the event of the Conference Lines raising their rates, we think that shippers at home should have an opportunity of shipping by a line that would carry at a more reasonable rate, without the risk of such a loss as would occur through——

5528. I do not want to push you one word beyond what you actually wish to say. May I take it that the sum and substance is this, that provided the rates are reasonable, and provided the term of retention is reduced to three months, you are not opposed to deferred rebates?—That is if we have reasonable rates for a given period.

5529. But if you do not have these things, what then?—As regards the rebates?

5530. Supposing that no modifications are made of the kind that you have stated, what do you suggest?—Do you mean in regard to it? Do you mean to compete against the existing conditions?

5531. Yes?—Then I would suggest that the Governments of the country——

5532. That I think will come later. Then you are asked under Question No. 5, "Has the effect of the "system of deferred rebates and of the South African "Shipping Ring been to divert trade from the United "Kingdom to the United states of America and the "Continent of Europe." You say, "Yes, in some "instances. Furniture and shovels could be imported "at less from New York than from London." Take the case of shovels. You are speaking of some little time ago, I suppose?—Yes.

5533. Do you happen to know what the rates for shovels at the present time are?—We have the rates here. (*Mr. Champion.*) Agricultural implements are carried from America at 36*s.* 3*d.*

5534. I ought to tell you that we have had some particulars put in, recently, in fact, at Port Elizabeth, and that to these——?—This is East London.

5535. These are recent rates?—These are in working at my office at the present moment. I do not know of any change having taken place. Agricultural implements are carried from America at 36*s.* 3*d.*, Europe 37*s.* 6*d.*, plus primage.

5536. You speak of agricultural inplements. We are now talking of shovels?—I do not know whether it comes under that classification or not, but the matter of shovels is brought up by another member. (*Mr. Torbet.*) That is from an outside man who promised to get the information. That is in reference to the Export Gazette.

(*Chairman.*) From information given us at Algoa Bay, shovels from England are 22*s.* 6*d.*, America 25*s.* To the English rates must be added 5 per cent. for primage not returned now, because you pay 10 per cent. and only get back 5.

5537. (*Sir John Macdonell.*) And in the same list we have spades 22*s.* 6*d.* as against America 25*s.* There is no one here who could speak definitely on this point?—(*Mr. Talbot.*) No, it is one of our outside members whom we expected to be here.

5538. Then you mentioned furniture. Have you any specific information regarding that?—Yes. Furniture to East London is 32*s.* 6*d.* from America, and 37*s.* 6*d.*, plus 5 per cent. primage, from England.

5539. Is this recent information?—This is given to us as being the most recent they have. It is in operation at the present time.

5540. Might it not be suggested that there are other reasons why American furniture of a cheap character should be preferred. Is not there a special kind of peculiarly cheap furniture more readily procurable from America than from England?—I do not think it would affect the whole furniture. In England they are making cheap furniture as well at the present time.

5541. Take Bloemfontein and various other towns here. Is the cheap furniture all obtained from the United States?—The bulk of it.

5542. Without lingering over that portion of your answer, I come to the next, "There should be an "undertaking that home rates should not exceed the "rates from foreign ports." Is that your deliberate opinion?—Yes, we certainly think that the rates from England should be as low as any other rates existing.

5543. Surely you must take into account the different conditions at the various ports. Supposing you had high port dues at one port and low in another; return cargo from one port and not from another, would not that make a difference?—It may make a difference to the rates, but it certainly affects the English trade.

5544. For the moment I am not dealing with that question. You will admit that ought to make a difference?—That is taking port rates into consideration.

5545. I mention these only as illustrations; port rates, plenty of back cargo in the one case, absence of back cargo in the other?—That should certainly have an effect.

5546. Might I ask the nature of your business?—I am a soft goods merchant.

5547. Have you not, in your experience, known cases in which the merchant sold the same goods at one rate where there was no competition, and sold the same goods at another rate in another place where there was plenty of brisk competition. Have you ever heard of such a case?—I cannot say that I have had any experience of that.

5548. If you have not had any experience of it, do you think that the supposition, which I put to you, is an extravagant supposition. Is it not one which is likely to occur pretty often?—No.

5549. You think not?—No. We have instances in regard to trade, I consider, where goods are sold in England at one price and sold in South Africa at the same.

5550. Have you not heard of cases in which a merchant sold goods at one price, and that a high price, in the place where there was absolutely no competition, and sold the same goods at another place at a lower price where there was a great deal of competition?—The same merchant?

5551. The same merchant?—No.

5552. You have never heard of such a case?—No, not the same merchant.

5553. Might I ask, do you think such conduct would be unfair? Are the gentlemen who are with you prepared to say they have never heard of such a case?—(*Mr. Fichardt.*) Whenever there is a monopoly in any particular line, people will naturally take advantage of it. That is just the position here now.

5554. I am not now dealing with the position here. I am inviting your attention to the supposition, which I put to your friend, and which he thinks does not take place?—I should say it does take place, and that is our reason for being against monopolies.

5555. It does take place?—Yes.

5556. You think it ought not to take place?—If they had not a monopoly it could not take place.

5557. I am asking the question, do you think it ought to take place?—It is a matter of competition. It ought not to take place, and if competition were there it would not take place.

5558. It does sometimes take place, you will admit?—Whenever there is a monopoly it takes place.

5559. I suppose if this mode of dealing were restricted in the case of shipping rates, you would be prepared to restrict it in the case of other forms of trade?—It would naturally take place. Competition would force the matter. They would not be able to charge more than the article is worth.

5560. It is never found?—Not with competition—never.

5561. I put to you the case where a merchant is selling goods in one place where there is competition, and in another place where there is none. I thought you told me that in such instances there might be a difference in price?—Taking the Orange River Colony, that state of affairs could not last long, because competition would immediately step in.

5562. The next question is, "Do you consider the "rates of freight from the United Kingdom to South "Africa and from South Africa to the United King-"dom to be excessive? if so, please state reasons for "your opinion," and your answer is, "Compared with "rates from other countries, Australia, for instance, "yes; but it must be remembered that steamers some-"times have to go home from South Africa nearly "empty." Would you like to add any further extension to that?—(*Mr. Torbet.*) No, we have put the matter in our answer.

5563. The next point that is put to you is to this effect, "Are you aware of any preference (secret or "other) in the matter of rates, having been accorded "to favoured merchants or importers, which were not "accorded to all," your answer being, "No; but it is "rumoured that Messrs. Wernher, Beit, & Co., and "other large importers are granted special rates or "discounts." Can you name any of these other large importers whom you have in your mind?—Yes, we have a list of those. There is the Consolidated Goldfields and their group. The Cape Town Corporation get more favourable rates of freight, and Stewarts & Lloyds get very favourable rates.

5564. We have heard of these cases. Have you any other instances in your mind?—No.

5565. One question upon this. Are the Affiliated Chambers favourable or unfavourable to the specially low rates which are granted to Governments and municipalities?—No, we are opposed to them.

5566. Both as regards Governments and as regards municipalities?—Yes. The opinion of my Chamber is, that all rates should be equal. The rates should be equal to all importers in the country—large or small.

5567. Would you apply that principle to the consignment of articles, such as rails, which are not generally kept in stock by merchants in South Africa?—In that case we would suggest that there should be a special rate for rails so that the merchants might have an opportunity of tendering for contracts that were going.

5568. But, subject to that, all the customers should be treated exactly in the same manner?—Yes.

5569. Then the next question is, "Would it be prac-"ticable for South African merchants to combine and "charter tonnage in the open market for their con-"signments?", and your answer—very concise—is, "Hardly"?—Yes. We feel, in that matter, that it would be rather difficult to get unanimity in arranging for freight from home. We would find that some merchants would give in; that there would be a great number of merchants in the country who would not bind themselves for any specified period. They would fear that possibly they would suffer some loss before the termination of the contract entered into. Personally, my Chamber feels that there would be a great amount of difficulty in arranging for a combination of merchants in South Africa to call for freight for the whole country.

5570. Do you know of any attempt on a small scale for a combination for chartering tonnage for certain large consignments?—I understand that was done some years ago, and it did not work very satisfactorily. They endeavoured then to get a combination together to charter vessels to bring out cargoes to South Africa. As far as my memory serves me, the thing was very unsatisfactory.

5571. The next, and last, question put to you is, "What remedy, if any, do you suggest?", and your answer is, "Should the Conference Lines not prove "amenable to reason, the various Governments and "municipalities should combine to arrange for a per-"manent service with a competing Line, and regular "freights by means of port dues." Taking the first part of your answer, do you contemplate the various Governments and municipalities chartering ships

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which should carry practically the whole trade of South Africa?—I scarcely think that that was intended by our reply.

5572. I do not want in any way to distort your answer; I am seeking what your meaning really is?—No. We would prefer that tenders should be called for in the open market for the freight for the various Governments and municipalities, and that the rate of freight shall be the same that will be charged to all shippers shipping to South Africa; and, in order to maintain that against competition that would probably come in, we would suggest that legislation be provided to charge countervailing rates on freight that came out at a lower rate than the accepted contract price. Say, for example, that the various Governments and municipalities called for tenders in the open market at the time that the mail contract is advertised; we get a tender, we will say, for example, at 25*s.* a ton, and we will say that the present Conference Lines do not get that tender; they make up their minds that they are going to run the other ships off the sea; they would probably undertake to bring freight to South Africa at 15*s.* a ton. Our suggestion is this, that the various Governments at the ports provide for countervailing rates equal to the difference between the competitive rate and the rate of the contract that is accepted. In such a case, shipping companies tendering for carrying the freight to South Africa would have protection, and the people in South Africa would have stability of rates for a given period.

5573. I am not anxious in any way to interrupt what you say, but let me see what that means. Supposing that a vessel, not belonging to the Conference Lines—a tramp—comes in and offers to carry, not at 25*s.*, which is the rate which you suppose has been fixed, but at, say, 15*s.* to 18*s.*; what is to happen to the tramp? Is it to be allowed to load?—No, I would not permit it.

5574. How does this suggestion differ from replacing one monopoly by another?—The difference is this, that we get stability of rates and a lower rate, arrived at by competition.

5575. Is not that another way of saying that you do not put complete trust in the open freight market: that you are alarmed at a prospect of fluctuations in freight?—No. We think that some security should be given to any contractor who would give lower rates of freight.

5576. In other words, this contractor who is selected should have practically a monopoly of the carrying trade in return for giving reasonable and stable rates?—Yes, so that no other should be lower than he; he will have a fair opportunity of getting the freight to South Africa.

5577. There is just one point more, and I will not trouble you any further. You do see inconveniences and dangers from doing away with the present system and leaving the rates of freight in the future to be entirely determined by the open freight market—tramps coming in from time to time offering freights to-day high, to-morrow low, and, generally, there being fluctuations in freight?—Yes, we do see a great danger.

5578. (*Chairman.*) I have only a few questions to ask you. Does your Chamber issue a yearly report?—Yes.

5579. Have you a copy of that or has it been put in?—I will let you have a copy of the last report.

5580. In that report do you give any statistics of the trade of the Orange River Colony?—Yes, the full statistics.

5581. I suppose you do not carry in your head the amount of the trade in the various articles?—No, I could not say from memory.

5582. You have not brought with you any report of that kind?—No. We could send for that now.

5583. I would ask you whether you have noticed any change of opinion in the Orange River Colony as to the rebate system in the last month or two? Is the position to-day the same?—Yes. I do not think there is any great change of opinion.

5584. Because where we have taken evidence it has been noticed that there has been a change in the last few months or so—since the alteration of the rates from the 1st of July last?—No. There is no change of opinion here.

5585. How is that change regarded here? You know of the alteration that was made?—Yes. We feel that the Conference Lines are taking advantage of their strong position by putting up the rates. That is what it actually amounts to. The reduction in the amount of rebate means an increase in the freight—a 5 per cent. increase.

5586. On the other hand, you have got decreases in the rates themselves in some of the classes, have you not?—They would scarcely affect it.

5587. What is your chief port of entry?—Port Elizabeth and East London; Port Elizabeth principally.

5588. Port Elizabeth has only one decrease—that is in Class 2—is not that so, from 31*s.* 3*d.* to 30*s.*?—Yes, but then there is an increase of 5 per cent.

5589. So that it works out to a small increase, does it not?—Yes, that is an increase.

5590. There is an increase of 1*s.* 6*d.* and a decrease of 1*s.* 3*d.*?—It brings it to 3*d.* more.

5591. With regard to East London, there is a decrease of 2*s.* 6*d.*, is there not?—Yes. With East London there is a slight advantage. Port Elizabeth is really the main port for the Orange River Colony.

5592. I suppose if there had been a larger decrease accompanied by the reduction of the rebate from 10 per cent. to 5 per cent. you would rather have approved, would you not?—Of the reduction?

5593. If there had been a larger decrease of the rates themselves, coupled with an alteration in the rebate from 10 per cent. to 5 per cent., you would rather have approved, would you not, as being a less hold of the Conference over the merchants?—Yes, we would have approved of that action.

5594. Have you ever, as a Chamber, approached the Conference Lines in regard to any rate?—No, we have not.

5595. Do you mostly deal through the London Committee of Merchants?—Yes, they represent us.

5596. They represent your views?—Yes.

5597. Are you satisfied with the constitution of that Committee?—Yes.

5598. Do you think they would fairly represent your views to the Conference Lines?—Yes. That is the opinion of the Chamber.

5599. You do not suggest that you might have a more representative and a more satisfactory body formed out here?—No.

5600. You gave us an instance in the case of the Houston competition in which the rebates were to be forfeited and the rates very much raised to somebody who proposed to, or did, ship by the Houston Line. I did not quite gather from you whether you approved or disapproved of that action of the Conference?—We disapproved of it.

5601. Did you?—Yes.

5602. Is it not one of the conditions that you should be protected against what they call "disloyal" shippers?—One would probably agree to that protection if we had stability of rates, but we do not have them. At the present time we have the Conference Lines using that power to maintain the rates and to increase them. On the other hand, we have the Houston Line coming forward and saying, "for a given "number of years we are prepared to carry your "freight at that rate."

5603. Supposing you at that time had been shipping goods here by the Conference Lines at 30*s.* and your competitor here was shipping similar goods to yours by the Houston Line at 15*s.*, should you not feel rather that you had a grievance?—No.

5604. Not as to his getting that 15*s.* against you here?—No. Then it means that I must make my arrangements under those conditions. I have previously pointed out that I think we should have the rates fixed, and if there are lower rates offering, I consider that my duty would be to get the lower rates rather than continue to ship at the high rates.

5605. I take it you want to have the option, if there is any increase in the rate, of shipping by another line. As long as rates are kept the same

and at a reasonable figure you say you do not mind the rebate system?—So long as that is fixed for a certain period—for a given period. The period, I might suggest, would be three or five years.

5606. Who would be the authorities who would settle the rates?—I would suggest that we had a committee in London for that—representatives from the Merchants' Committee and from the shipping companies.

5607. They would consult?—They would consult together and decide upon those rates.

5608. Would they decide, or would they make representations only, and leave it to the shipowners?—I take it the shipping companies would send their representatives to that committee. You would have a committee composed of the representatives of the South African merchants and the shipowners.

5609. Would that committee absolutely settle the rates at which the shipowner was bound to carry the goods?—Yes, upon advice from here. The Merchants' Committee would be advised from South Africa.

5610. Are they to be the deciding authority, or is it to be only consultative?—Consultative. The various Governments of South Africa would call for tenders. The points would be settled in London by the committee suggested.

5611. Would they also consider the classification, which, of course, is really as important as the rates, because if you alter the classification of the goods——?—I would leave the classification to them.

5612. All changes would be submitted to this consultative committee?—Yes.

5613. I do not think you were asked whether you had ever received applications from your merchants for copies of this classification. Have any of your merchants desired to get copies of this classification of the shipowners of the different goods?—(*Mr. Fichardt.*) Yes. We wrote the other day, and we were told it did not exist; that there was no classification, anl that is what we particularly want. We ought to have that. (*Mr. Champion.*) That is my experience, too.

5614. What answer did you get—that it did not exist at all?—(*Mr. Fichardt.*) That it did not exist; that it rested entirely with them as to what classification the goods should come under.

5615. (*Sir John Macdonell.*) From what Line did you get that answer?—From William Dunn & Co., London.

5616. (*Chairman.*) Was there any other reason given?—No reason.

5617. You were not told the classification was constantly being altered, and that therefore such a thing would be obsolete almost as soon as it was printed?—No, I do not think that reason was given.

5618. Do you think it important that you should have a classification?—Yes, because we never know under what classification the goods would come. It makes a tremendous difference in a general business.

5619. You have known of a good many alterations in classification, I suppose?—Yes, there are constant alterations.

5620. I think we have been told that a great many alterations in the past year have been decreases?—We never know until we receive full particulars of our shipment.

5621. You cannot give me your experience? I think we have been told of 50 decreases?—I could not say.

5622. Anyhow, you think it is very important for you to be able to get copies of the classification?—Yes, I think it would be.

5623. You have not much to do with importing ploughs here, have you?—(*Mr. Torbet.*) We do import ploughs. Mr. Champion has some experience.

5624. What is your experience about the English and the American plough? Do you import mostly English or mostly American?—(*Mr. Champion.*) Mostly American.

5625. Is that what is called a No. 75 plough?—There are very few No. 75 ploughs used nowadays. They are mostly up-to-date American ploughs—mostly steel-frame ploughs.

5626. You do not deal in a plough that costs about 20*s.* or 22*s.*, as the old 75 did?—Occasionally, but there are very few of these sold nowadays. The farmers are more up-to-date.

5627. Why do you get them from America now?—They are cheaper. (*Mr. Fichardt.*) They are better, too, I think. (*Mr. Champion.*) They are more up to date, and they are lighter.

5628. The element of the freight charge does not come into operation?—Not much. There is a small difference in favour of America.

5629. But even if you had not that difference, you would get them from America?—Probably we would. Of course, there are English ploughs in competition, which I think compare favourably with the American, but that is only to a small extent.

5630. I suppose you get the benefit of the American plough in getting them from the great trust companies, there, do you not?—We buy from the manufacturers.

5631. Do you not get them at a cheaper price than the American farmer pays in his own country?—Probably.

5632. You think that is so?—I think so—buying in quantities, of course.

5633 Buying for export instead of buying for the country?—I cannot judge what the American farmer pays.

5634. All you care about is that you get the cheapest?—Yes.

5635. As compared with the plough that you would get anywhere else?—Yes. There are windmills obtained from America.

5636. Is that on account of the freight?—The American windmill is cheaper and lighter than our experience of English windmills, although I believe the English mill is a stronger mill. As far as we can determine what the freight is from England, we find that there is a difference of 10*s.* a ton. Of course, there is no classification of windmills from England. I do not think we have imported any, but I take it they would come out under that agricultural rate, which would be 37*s.* 6*d.*, as against the American rate of 27*s.* 6*d.*

5637. How much difference makes you go to America for goods, as against England? I mean, how much per cent. would counterbalance the sentiment in favour of the Mother Country? I suppose, if it is 5 per cent. dearer?—I do not think 5 per cent. would make very much difference. I may tell you that the American traveller is more up to date. He comes out here with a model windmill, and explains all its advantages, whereas there are very few of the merchants at home who send out travellers to illustrate the working of their different machinery.

5638. You think that makes a difference, as well as the question of freight?—Yes. (*Mr. Fichardt.*) Might I make a statement with regard to ploughs. We represent the Oliver Company, which is one of the biggest companies in America. We are very large importers of their ploughs. We find the plough better than that of the English maker, but where the American scores is, that he is far more pushing. With regard to the Oliver plough, that we sell hundreds of at £15 10*s.* here, our farmers complained that when they turned at the end of the ground it was apt to upset; they also complained that the bushes wear rather rapidly in this country. The Company sent out three of their experts, all men very high in their employ, to investigate the matter; and they asked for suggestions from our leading farmers as to what they would advise them to do to overcome these difficulties. It was suggested they should have a dust-proof cap, to begin with, and some other suggestions were made as to the construction of the plough. The Americans not only followed that immediately, but turned out the exact plough that was wanted. They altered their big model. It was a £15 10*s.* machine to suit this country. I do not think you would find English makers do that; they are too conservative; there is their plough, and if you do not like it as it is, you will have to go somewhere else.

5639. I wanted to get from you whether there were other things besides freight that led to goods in certain cases being obtained from America?—It does do so in these particular articles.

5640. There is one point I do not think has been asked you. Do you suffer at all from high rates on very heavy goods, such as are used in mining machinery?—Of course, we have none.

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5641. You have not much in the way of mining machinery here?—No.

5642. For agricultural and general purposes and such manufactures as exist here, nothing very difficult to lift is wanted which would be charged a very heavy rate?—Not as far as we are concerned.

5643. Have you anything to say as regards the export trade?—No, we have very little export.

5644. You have nothing to do with it as a Chamber?—(*Mr. Torbet.*) No. Here is the copy of the Chamber's last Report. (*Handing in document.*)

5645. Thank you. This will give me the details of the imports and exports?—Only briefly.

5646. There are no tables?—No, we have not the tables.

5647. I think, unless you have anything further to add, that is all we have to ask?—(*Mr. Fichardt.*) If the Conference Lines gave us a reasonable rate we would have no objection to the rebate system, and we would be perfectly satisfied with the present conditions. I think that is the general opinion.

5648. You have no fundamental objection to the rebate system?—No, no fundamental objection.

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5649. (*Chairman.*) You represent the Orange River Colony Farmers' Union?—Yes. It is a body consisting of a large number of Farmers' Associations.

5650. How many?—About 40.

5651. That would mean a large number of members?—Yes, something like 1,500 to 2,000 members.

5652. All in the Orange River Colony?—Yes.

5653. Have you been delegated by the Union to give evidence?—There has been no Congress of the Union since you came here, and, therefore, my statement would be somewhat *ex parte*, as knowing the circumstances of the country.

5654. What have you come to tell us?—I have come to put before the point of view of the consumer, as against the point of view of the merchant with regard to shipping freights.

5655. Do you mean the farmer?—Everybody who consumes imported stuff.

5656. You are just as much concerned as any other class of consumers?—Quite so. It is the question from the consumer's point of view as against the importer's.

5657. As regards these rates?—Yes, the rates and the rebate system.

5658. What is your opinion of the rebates system?—Naturally, as consumers, we are interested in getting as low freights as possible, and we hold that the rebate system as well as the formation of the Shipping Ring tends to high rates of freight, otherwise, there would be no need for the Ring and no need for the rebate system.

5659. Is it not rather a more correct expression, not that the rebate system keeps rates high but that it keeps them from going very low?—I cannot dispute the uniformity of the rates, but as regards high or low rates there is no doubt that the rebate system is there in order to maintain a high rate.

5660. Do you mean higher than is reasonable?—We cannot judge whether it is reasonable or not. That is a question of dividends for the shipowners. To get a bottom freight the only way to get it is by open competition.

5661. You do not expect to be always getting competition rates—fighting rates—such as existed in the Houston time and in the rates from America two or three years ago; you do not expect that?—No, but if there were an open market, the moment that the present Ring charged excessive rates, competition would immediately come in and force them down again to a normal level.

5662. And you would have very unequal rates?—That is quite likely, but they would be low rates.

5663. You think they would always be low rates?—I think so, because competition would force them down.

5664. You recognise there are certain great disadvantages for the import trade here, that there are not return cargoes to the extent there are in other trades?—That probably affects it.

5665. You think that your interests as consumers are different to those of the merchants?—Undoubtedly, because the merchant only wants to have a uniform and maintained rate of freight in order not to be undersold by a fortunate competitor who might have a cheap cargo rate. It is to his interest to have a uniform rate. The consumer, on the other hand, wants—no matter how he gets it—low freight, and, therefore, that is his interest.

5666. To a great extent, also, you are interested in the export trade?—We are interested in the export trade.

5667. I should think that as producers of farming stuff you would be almost more interested in the export trade?—Yes.

5668. And for that, do you not want a good and regular service, or do you think an irregular service would suit your purpose as well?—No, a regular service is certainly preferable. At the present time, the export rate, for instance, on wool is, we think, high. I think it is about a halfpenny a pound.

5669. Three-eighths of a penny, is it not?—Between three-eighths of a penny and a halfpenny.

5670. It is absolutely three-eighths of a penny, is it not?—I think so.

5671. You think that is too high a rate?—We hear from the coast that there are very often Australian boats coming along here to put in cargo who would do it for a farthing or anything just to take it home.

5672. I suppose you want to get it home as soon as possible to catch the sales, do you not?—Yes.

5673. These boats would not give you such a good service, would they?—Probably not so regular. Of course, the remedy which has been proposed, as against the irregularity and uncertainty of freights, is the contract system in some other form—a tender system. It was proposed a few years ago by one of the Commissions sitting out here, that the Governments and corporations who require very large tonnage per annum should call for public tenders for those requirements, and at the same time insist upon the tenderer fixing a maximum freight to the public generally.

5674. That has been proposed more than once. What do you say to that?—It certainly seems to me to be the best solution of the difficulty. Under the tender system, of course, you get absolutely a bottom price, and that is all that we want, and we want to have the assurance that the lowest price at which shipping can be done will be the freight out here and home.

5675. You would prefer that to this free market?—Yes.

5676. Both for imports and exports?—Yes.

5677. Some system by which the Government can use the amount of freight that they have—which they have to give to the shipping companies—to make a contract?—To protect the public by means of their contract.

5678. To make a contract which all the public would be able to use?—Yes, not necessarily at the same low price, because the Government cargo is a cargo of a big nature, and they are entitled to special rates.

5679. I was going to ask you whether you think the Government are entitled to special terms?—The classification would give them their special terms. If you classify rails or railway material at a very low rate, the classification would give the Government that advantage.

5680. At the present time the Government get better terms independent of the classification?—Yes, they do.

5681. Would you limit these better terms simply to the article—that if rails, or cement, or anything of that sort were being carried, the rates on those articles would be less, but that you would not charge them according to whom they were being carried for?—Quite so. It would make no difference whether they were being carried for the Government, a private individual, or a corporation.

5682. Have you had much to do with the Conference Lines yourself?—No, not in the last ten years.

5683. So that you cannot give us any instances in which you think you have either been very well treated or badly treated?—No, I can give you no instances, but I have ascertained here the rate of freight on articles in which the farming community is much interested, and that is the rate on live stock for breeding purposes. We find that the freight which is charged on live stock from the United Kingdom out here almost prohibits us from importing from there. We find, for instance, that if we have to import horses from Europe, the freight on a horse under the Conference Lines comes to over £29, while if we import a horse from Canada it costs about £8 only.

5684. (*Sir John Macdonell.*) Are these actual consignments?—These are actual debits, yes.

5685. (*Chairman.*) How many horses in each case? This is an actual transaction?—Yes.

5686. We have had put in evidence yesterday a case of five horses from Canada?—They are probably the same figures—Government importations.

5687. Of course, you have had large importations of sheep from Australia?—Yes.

5688. For other reasons you would not have got the sheep from the United Kingdom in those quantities. They would not have been so suitable for your purpose, would they?—No, but of course cattle and horses are chiefly imported from the United Kingdom, but on account of the very high freight people have to look elsewhere now for their breeding stock.

5689. What you would be getting from England, I suppose, are very valuable breeding stock?—Yes.

5690. Bulls and very valuable cows?—Yes. The freight being so high, of course a man thinks twice before importing a bull or a stallion.

5691. On the value, do they work out at such a very high rate—when you take into consideration the value of the animal?—The value of the animal—whether the animal is priced high or low—makes no difference to the freight—to the contract with the shipping company.

5692. It does in classification. The classification system for goods on railways and everywhere else is rather based on the value?—Is not it based rather more on the room they take up?

5693. You will find silks and valuable articles usually pay higher rates?—Yes, but that would not affect an animal on board ship, because if it is valuable it is insured.

5694. There is also the question of the accommodation for these animals, whether the ship is fitted for bringing them or whether special fittings have to be put up for a few animals. If a vessel is fitted to carry a big cargo, naturally they can carry them cheaper. Still, your association consider these rates on horses and cattle to be very high?—Very high indeed.

5695. Have you ever made any representations about this to the Conference Lines?—No.

5696. Then, is it only recently that you have had occasion to import?—Since the war, of course, the question of importation has become more pronounced than before.

5697. Freights seem to be about the same on cattle from Rotterdam as from England, I suppose?—They are all in the same Ring.

5698. In the case of the Canadian cattle, there are cattlemen to be provided for, are there not? There is no allowance for attendance, is there, in that £5 10*s.* on the importation of cattle from Canada?—I suppose the food on the voyage is charged, and, probably, that would cover the men who have to feed them. You take your meal on board and that includes the payment of the steward who serves you.

5699. Would not these cattlemen have to be paid by the owners of the stock?—If there were very large consignments they probably would.

5700. It is known there are a great many cattlemen who travel?—I suppose with large consignments they would have a special attendant.

5701. That would add to the freight?—Yes.

5702. In the case of sheep you say there is a very large difference?—Yes.

5703. Then you have got "per 1,000 head"?—They have one price here for six head and upwards of £4 10*s.* a piece. 100 head would cost the same as 6.

5704. As against what from Australia?—18*s.*—1,000 head and over.

5705. You do not say that that is so much a practical grievance as in the case of the horses and the cattle?—Yes, you do not get sheep from the United Kingdom.

5706. You would not get a large number of sheep that would suit your purpose?—No.

5707. I was noticing yesterday the very large increase in the stock of this country in the last few years—in cattle and sheep?—Yes, there has been an enormous increase.

5708. Do you think the quality as well as the quantity is improving?—Very much improving.

5709. Is that from stud stock that has been brought out?—Undoubtedly. The Government has been very progressive in that way; it has imported a lot of stock.

5710. Should you contend that there would have been still greater improvement if the rates on stock had been lower?—Undoubtedly. If a man can import a bull at a reasonable price he would much more often import than if he had to pay these enormously high charges. The cost of the bull at home is practically not much more than the cost of the freight in getting it out.

5711. (*Sir John Macdonell.*) Has your Association ever passed any resolutions upon this subject?—We have passed resolutions with regard to railway rates and so on, but the question of freights has for the last two years been dealt with by Government Commissions.

5712. You have passed resolutions respecting railway rates?—Yes.

5713. To the effect that they were too high?—Yes.

5714. But you have not passed resolutions on the subject of the ocean freights of steamers?—No, because the matter has been in the hands of a Government Commission for the last two years, practically.

5715. At all events, you have not?—We have not passed any resolutions, but these grievances are patent. They have continuously come to our notice.

5716. Have you reason to complain of the rates with respect to agricultural implements—ploughs and things of that sort?—That is impossible for us to say.

5717. You have never had particular attention directed to them?—No.

5718. Then you complain of the rates of freight for wool, and, as I understand, your main reason for saying that they are too high is an alleged rate for Australian wool?—Yes.

5719. Are you aware of the difference in the packing of the Australian wool as compared with the packing of the South African wool?—I believe South African wool is also pressed.

5720. Do you know whether or not the Australian wool is very much more pressed than the South African wool?—No, I do not know that.

5721. Of course, if it is much more pressed that would make a difference?—Undoubtedly.

5722. And therefore until one knew to what extent that pressure took place one could not speak with confidence on the subject?—No. Space is a considerable item.

5723. No doubt it is a very considerable matter, as you say. You represent the interests of the consumers?—Yes.

5724. From the point of view of the producers of wool and mohair, you are, rather the merchants, are you not?—Yes, we represent the exporter.

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5725. And I think you said the exporter was apt to lose sight of the interests of the consumers?—Well, no. Of course, every class is interested in a low freight.

5726. Quite so. You make your meaning clear about that. You say that you do not think the present rates have dropped to what you would call "bottom "freights"?—No.

5727. Of course, the only way to find out what the "bottom freight" would be would be by actual competition?—Yes—tender.

5728. And there being no actual competition or tenders, one cannot be very sure about what the result would be?—No.

5729. It is rather a guess or a surmise that they would be lower than the present?—No, I would not go as far as that, because two years ago, when this Houston Line came in, they offered to carry cargo at probably about 50 per cent. less, or 25 per cent. less, than the existing rates. Therefore they must have been satisfied in their minds that they were doing a paying business.

5730. You say they must have been satisfied. Of course, you are talking of a state of war—a war of rates. One cannot be sure that they would be making a profit?—Two years ago the war was over; this was when the Houston Line came in.

5731. When I used the term "war," I meant competitive rates—a war of rates?—I might reply that they were prepared to go in for extensive contracts; in fact, they went in for three years' contracts at those rates.

5732. What is the number of your members?—Nearly 2,000. There are over 40 associations we are representing.

5733. It practically represents all the farmers in the community?—Yes. Ours is a very representative association. Not all the farmers.

5734. It is representative of all the farmers?—Yes, practically representative of all the farmers.

5735. Might I ask, without going too much into details, what is the nature of the resolutions which they passed respecting railway rates?—They want a low rate on produce and a low rate on farming implements.

5736. They think that at the present time the railway rates are too high?—They could be reduced.

5737. Have they been reduced recently?—They have been reduced last year in some instances; in others they have been increased.

5738. Before your association has the question of the preference given to Governments and municipalities for the carriage of their goods ever been discussed?—No, it has not been discussed. It is more a mercantile question.

5739. (*Chairman.*) Is there anything that you have not been asked?—The question of export also includes the question of the export price of grain, which is now becoming a question of considerable importance.

5740. Mealies?—Yes.

5741. Anything besides mealies?—No; only mealies.

5742. You have just had a reduction given you?—Yes, through considerable pressure from the Government; otherwise it would not have been given.

5743. Do you think that will be of much use to your farmers?—I hope so, yes.

5744. You can tell me this. There is some special quality in your mealies, is there not?—I believe they are superior to the American mealies.

5745. You claim them to be superior to the American mealies?—Yes. In fact it is undoubtedly so, because sometimes by bad years when we have to import American mealies the local article fetches a better price in competition here.

5746. It is a smaller article, is it not?—Some kinds are small; others are large.

5747. Take the Argentine mealie?—The Argentine is the soft, flat mealie; ours is a round, yellow mealie—more substantial, I think.

5748. You cannot tell me shortly in what does the superiority of your mealies consist?—The cattle prefer to eat them.

5749. If there is a superiority, I suppose this reduced rate of 10*s.* ought to bring you quite a large trade in time?—Yes, we are looking forward to that.

5750. Is there a good deal of ground that you might put under mealies?—Yes—unlimited.

5751. It is a question of the cost of cultivation and price, I suppose?—It is a question of price. Of course, the export price, being a price which is fixed by competition with other countries, would probably be the normal.

5752. I suppose the price of mealies in the chief consuming markets would not be fixed by the price here?—No, it would be fixed by competition.

5753. The amount of mealies exported from here is not big enough for you to fix the price?—No.

5754. Any more than it is in the case of wool?—Quite so.

5755. But if you say there is something special about your mealies that would help you to fix a price?—Yes. They are now commanding, I believe, 1*s.* a quarter at home more than the American mealies.

5756. Are there any other exports that are likely to grow that are affected at all by the rates?—No, I do not think so.

5757. Not wattle bark?—No. It is only wool and mealies.

5758. (*Sir John Macdonell.*) Do you see any prospect of a great increase in the export of wool and mohair?—Undoubtedly.

5759. Would a reduction, say, to the extent of 10 per cent. or 15 per cent. in the freight, in your judgment, affect the increase of the exportation?—No, it would not affect the increase, but it would affect the profit of the farmer.

5760. (*Chairman.*) Would not that affect the production?—No, I do not think so. The farmer would no doubt go on improving his wool and increasing his herds whether the freight was three-eighths of a penny or a farthing or a halfpenny, but it would, naturally, increase his net profit if he got a better price for the wool through lower export freight.

5761. You told me, in the case of mealies, that if he got a better price he would put more land under mealies?—The margin between profitable farming with mealies and otherwise is a very narrow one. With wool, the expense of your sheep is exactly the same, whether you get a high or low price for your wool. There are other factors in connection with sheep farming, for instance, the sale of your hamels, and so on.

5762. The wool is a considerable item, is it not?—Yes. I mean, if the price of mealies fell below a certain amount the farmer would leave off growing them, but he would never leave off farming the sheep, no matter what the price of wool was.

5763. I see the price of wool in the London market went up yesterday nearly 1*d.*?—That is good news.

5764. I suppose that would make you cheerful?—Undoubtedly.

5765. There is nothing else you care to speak about?—No. I only want to impress upon the Commission that the consumer's interest is a low freight.

5766. And the producer wants a high price?—Yes, and also a low freight. With regard to the rate on wool, it is $\frac{3}{8}d.$, greased wool; snow white, $\frac{3}{4}d.$; fleece-washed, $\frac{5}{8}d.$

5767. It all goes home in the grease, does it not?—No.

5768. What should you say was the proportion?—I think about equal.

5769. You are not a shipper of wool?—No. It is snow white $\frac{3}{4}d.$, fleece-washed $\frac{5}{8}d.$

5770-5771. That is only your idea?—We have no washing done up here; it is all done at the coast.

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5772. (*Chairman.*) I think you are Colonial Secretary here?—Yes.

5773. You appear on behalf of the Government?—Yes. I put in answers to the questions which were officially sent to us, the points on which information is desired from the representatives of Colonial Governments.

5774. You say, "The cargo imported by Government "can be divided into:—(*a*) Consignments for (1) Public Works Departments, such as bridge material, "water-drills, &c. (2) Furniture for public offices, "schools, &c., and stationery. (3) Live-stock, mainly "pure-bred horses, cattle and sheep. The amount "estimated for the year 1907-8 under (*a*) was 220 tons, "or thereabouts; under (*b*) 1,500 sheep, 20 dairy cattle, "and 2 horses from Australia, and, possibly, some "horses and cattle from England. At present, rail-"way material is imported by the Central South "African Railways for both Colonies (*vide* Mr. Price's "evidence), but should the present inter-Colonial "arrangement be interrupted, the Orange River Colony "would have to import its own railway material, the "amount of which would, of course, be largely deter-"mined by the new construction undertaken." I asked the witness yesterday, who appeared on behalf of the Public Works Department, whether he could give us any idea of the proportion which the Government imports bear to the total, either in tonnage or by value?—Yes. I understand that he has put in a statement this morning on that point.

5775. By value?—Yes.

5776. In 1906 the total imports, exclusive of Government, were £3,500,000; Government imports were £100,000 of specie, so that the proportion of Government imports to the total imports would be one-thirty-fifth?—Yes. I can give the details of the 220 tons, if it is any use?

5777. It is so small that I do not think it is necessary for our purpose. Then we asked the methods by which the shipping business of the Government is conducted. You say, "Through the Crown Agents, "at present; the arrangements to be made after change "of Government being as yet uncertain." "Whether "the shipments are made by the Conference Lines, as "a matter of course, or whether tenders are invited." You say, "By the Conference Lines under a contract "entered into between the Crown Agents and the Con-"ference on 17th February, 1904, which has recently "been extended to 31st March, 1908." That contract applies to other Colonies too, I think?—It applies to the Transvaal. It is practically the same contract.

5778. And as to whether the Government is bound by the rebate system, you say, "No, the lower freight "is granted on shipment." Your rates are lower for almost everything?—Yes.

5779. You get this reduction on shipment and do not claim anything more?—I do not think you are raising the question of passengers, are you? Civil servants are practically bound by the rebate system, because to get the advantage they must only travel by the Conference Lines.

5780. Is that under the contract?—There is an agreement in regard to passenger fares of civil servants. I do not know that that really comes into your enquiry.

5781. I think we might just get that from you?—I am afraid I cannot give you the details, at the moment. I could easily put in a statement about that.

5782. That only applies to civil servants?—Yes, and to certain immigrants approved by Government.

5783. As to (*c*), "Whether the Government is "accorded, under contract or otherwise, lower rates "than they accord to merchants, if so, what is the "extent of such preference?" You say, "The Govern-"ment is granted lower rates than merchants, receiving "a 10 per cent. reduction on all Government freight. "Railway material is imported on the terms men-"tioned in Mr. Price's evidence for both Colonies." Is that 10 per cent. reduction absolutely correct, or is not the result rather more complicated than that?—It is; but I thought it gave the general impression.

5784. That is the general effect?—Yes; one might go into details with regard to shipments by mail steamers, but they amount to very little. In fact, I was enquiring about that this morning, and they told me they are practically negligable. Most of the Government shipments consist of heavy stuff shipped by intermediate boats.

5785-6. We went through the contract in the Transvaal, and it seemed to be rather complicated in some of the details. The general effect is a 10 per cent. reduction?—Yes.

5787. That is the intention?—That is the intention.

5788. With regard to "Whether regular sailings and "stable rates are regarded as essential or desirable," you say, "Regular sailings are desirable but not "essential, as Government cargo is seldom perishable. "Stable rates are also desirable from the point of "view of administration, to enable a proper forecast "of expenditure to be made. To this, no doubt, the "rebate system contributes, but the advantages of that "system may be too dearly bought if it is uncontrolled "and one-sided in its operations. Government has no "desire to see the rebate system absolutely done away "with, as that might lead to a state of cut-throat "competition; but it considers that a Commission "should be established, consisting of representatives "of the shipping lines, the merchants, and the Govern-"ment, which would not be merely consultative in "character, but would be empowered to settle the "rates of freight from time to time and would act "as a Court of Appeal in all disputes as to payment of "rebates, &c., arising between the shippers (including "the Governments) and the shipowners, and whose "decisions would be final and binding on all parties." That is a very important suggestion, because that goes beyond the proposals which were brought forward at the end of 1905?—Yes, the proposal there did not go further than for an Arbitration Committee, I think.

5789. It is to be found on page 64 of the London Conference Blue Book. There was a condition as to arbitration: "Any disputes to be settled by one "arbitrator, to be appointed by the London Merchants' "Committee, and another by the shipowners. In the "event of the two arbitrators differing, they shall sub-"mit to someone appointed by the Board of Trade." Then, also, on the next page, page 10, the present classification is taken as a basis: "Any alteration "shall in future be considered by the London Mer-"chants' Committee and the shipowners, and in the "event of dispute shall be referred to the arbitrators' "appointed under Clause 3." I think those were the only two clauses. The rates in the cases referred to were to be fixed by this proposed agreement. What has caused you to make this different suggestion here from what was made at the London Conference?—We think that a Commission of this kind, which would, I believe, be somewhat analogous to the Railway Commission in England, though I do not know whether it would be absolutely analogous, would, if agreed to by all parties, act as a most convenient method for fixing, not only rates, as I say in my reply to the question, but the classification of freights, and would also serve as an Arbitration Court, or Court of Appeal, with reference to any dispute that arose between shippers and the Conference of the Shipping Lines on the question of rebate or other questions.

5790. Where would the location of that Commission be?—I should imagine in England.

5791. In the course of our evidence we have had suggestions for some sort of committees, but more than once a suggestion has been made to have a committee sitting here. The London Merchants' Committee was not always spoken of with the very highest respect as able to represent South African interests?—Of course, the London Merchants' Committee might be strengthened for that purpose by an infusion of what one might call the more live South African opinion, but to obtain adequate representation of the shipping companies I imagine it would be infinitely more convenient to have the Commission sitting in London.

5792. Would this body meet periodically, or would they meet when any dispute arose?—I should think they would meet periodically to discuss classification or rates, and that they would meet extraordinarily to settle any outstanding disputes.

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5793. We have also had a suggestion which would modify considerably the powers of such a Commission, that is that if you had fixed rates, presumably the rates fixed now or in a year's time, that such a Commission would only meet when these rates were to be altered?—Yes.

5794. Lowered or raised—or when there was to be a change in the classification?—So that you mean their meetings would not necessarily be periodical?

5795. No. Besides, they would only meet when a change was proposed, either by the shipowners or by the merchants?—Yes.

5796. It has not generally seemed to occur to people here that the shipowners might want to raise their rates perhaps in a time of dear coal?—Then they would have the power of calling a meeting of this Commission.

5797. I suppose for this Commission, legislation would be necessary?—I imagine it would.

5798. You would not be able to get a contract between all parties to carry this out, or could you do it under such a contract as was proposed in London?—I suppose the agreement might be drawn up in such a way as to make this Commission arbitrate in place of the Arbitration Board we spoke of before, but whether it would have binding effect without some legislation, I do not feel quite competent to say, nor whether that legislation would have to be Imperial or local—presumably Imperial.

5799. The basis, of course, of this London contract was the Government freight business—not the mail contract, but the carriage of goods. Taking the last of your proposals, that is, the alternative proposal submitted to the shipowners by the Conference on the 15th December in substitution of that put forward by shipowners on the 14th December?—Is it the one on page 33?

5800. The one on pages 63, 64, and 65?—"Submitted to shipowners by Conference on the 15th December"?

5801. I will just take you shortly through the other questions, and then we will go back to the general question. You say in reply to Question 4, "Whether it would be practicable for the Government to make arrangements for the shipment of their goods by chartering steamers in the open market," you say, "Such a course is not only practicable, but arrangements were recently actually agreed to by the Transvaal, Orange River Colony, and the Cape Colony for shipping their goods by steamers chartered in the open market. The scheme was only dropped because the Conference on learning that such arrangements were contemplated abandoned the attitude they had taken up and offered to renew the old contract." Would you describe that point a little more fully?—A Conference was held in Johannesburg between the representatives of the Central South African Railways, the Transvaal Government, this Government, and the Cape Government, with a view to combining Government freight in such a way that a whole steamer could be chartered for its conveyance from England to South Africa.

5802. What was the date of that?—It must have been July of this year. I have the papers here and possibly you might be glad to have them put in. It is a Government paper which I should like to have back again. I observe that Mr. Price mentioned it in his evidence.

5803. If you would lend us that copy we should be able to see whether we want to get any copies of any of the documents. We want to get a record of the transaction?—Mr. Northcroft could have given evidence on this point. I do not know whether he did. He was our representative at this Conference. Our Government's attitude was not precisely the same as that of the others, because we felt that the quantity of our shipment was so small that they might conclude this arrangement by themselves, but we came into the arrangement with certain reservations, and the following telegram was sent: "July 20th. With reference to the recent Conference on the question of Government freights, this Government approves the recommendations made, on the understanding that they are subject to revision by Responsible Government when established, and, further, that the Crown Agents are not precluded from entering into proposed arrangements by any existing agreement with the Conference Lines. Should either condition present difficulty, this Government, whose interests are comparatively negligable, would prefer to stand out of proposed arrangement for the present." That was our final decision upon it. The question of standing out or in did not actually arise because the Conference Lines, as I say, abandoned their attitude and renewed the contract.

5804. The contract for Government goods?—Yes.

5805. Would this chartering of ships have been of much use to the public?—No, I do not think it would. They would have been able, I suppose, to take advantage of it if there was any room.

5806. That would have been uncertain?—Very uncertain.

5807. Then they would have forfeited their rebates, would they not?—Yes. The arrangement was contemplated purely from the Government point of view.

5808. Then, "What course has been adopted by the Government when an opposition line has been started?" You say, "On the only occasion which has occurred, within my recollection, this Government along with the Transvaal invited tenders from the Conference and the competing line, but the company in question, instead of tendering itself, entered the Shipping Ring, and is now a member of the Conference." That, I presume, refers to the Houston competition?—Yes.

5809. With regard to "Whether it would be possible for the Government to use their shipments and the mail contracts as a means to obtain better terms for merchants," you say, "The shipments of this Government are at present so limited in amount that they could not conceivably be used as a lever to obtain better terms for merchants. The Government considers that the mail contract should be kept entirely apart from the question of shipping freights, and would deprecate any attempt to use that contract as a means to the end proposed, viz., a reduction of the present rates. Their view is, that Government should not obtain any preferences over merchants, and *a fortiori* that preferences should not be granted to municipalities, harbour boards, and large companies." The first thing I would ask you about is that mail contract, why your Government considers that should be kept distinct?—We do not regard the two questions as being, if I may say so, *in pari materiâ*.

5810–12. Is that because you think that the great majority of the public who receive and send letters may have nothing to do with the freight on goods and should not be brought into it?—Partly that, but also because the mail boats carry so comparatively little of the requirements of the merchants or Government. They carry, mainly, I fancy, soft goods and articles of that kind, and the bulk of the carrying trade is done by the intermediate boats and by the other boats of the Conference Lines.

5813. It was stated before us yesterday, by one of the Government witnesses, that a small and very fast mail boat might be an improvement to the situation here—small despatch boats—presumably, in getting your mails quicker. You have not considered that?—I have not considered that.

5814. It was the first time I had heard such a proposal made. It was mentioned, I think, that on the coast of New Zealand, and I have heard since that there were mail boats in the south of Italy which are small and fast; but the Government have not taken such a thing as that into consideration?—It has never entered into their minds at all.

5815. You see great objection to bringing the mail contract into the business?—I think it seems much better to keep the two questions wholly separate.

5816. Then there is another important question of principle that comes in: "The Government should not obtain any preferences over merchants, and, *a fortiori*, that preferences should not be granted to municipalities, harbour boards, and large companies." That was the principle that governed their draft proposals in 1905?—It did.

5817. To have done away with the preferences to Governments?—Yes. The objection to it that we feel is that any preference granted is, as it were, the

opening of the door, the insertion of the thin end of the wedge, and it is very difficult when it has been granted to one to refrain from granting it to analogous bodies. Also, that Government imports, which come in under this preference, may, and in fact must, to some extent find their way on to the general market. That was specially observable, of course, during the period of the late war, when goods which had come in under special conditions got upon the ordinary market.

5818. Surely that was a very exceptional case?—It was an exceptional case, but even under ordinary conditions I know it is felt by the merchant community that that leakage does occur and must occur.

5819. There seem to be two questions involved here. Whether the Government, as a Government which represents everybody in the country, should not have a preference over the private merchant?—You mean that the private merchant imports for his own advantage and for the advantage of his business, while Government is importing for the whole body of taxpayers—that, of course, is a point on the other side. One admits the force of that.

5820. Then there is a question of the size of the import. You say that preferences should not be granted to municipalities, harbour boards, and large companies. Those are, I suppose, people who have very large imports?—One has various companies in one's mind. I suppose De Beers would be the example which would occur at once.

5821. You think a big man ought not to get an advantage over the small man?—We think if you once begin to adopt this principle of granting preferences to special classes of importers it is difficult to say where you are to stop.

5822. Of course, the very small consignment probably is a disadvantage, as it is on a railway where a quarter of a truck or half a truck is not carried as cheaply as a whole truck, but beyond that you would not allow the large man to have any benefit over the small one?—That is our position.

5823. Coming back rather to the principle that affects the Government imports. You would not allow the municipalities and the harbour boards to have any advantage there?—No. We think it is better to put everyone on the same footing.

5824. What is the principle that governs your buying goods here and obtaining tenders. Do you let the local people have a chance?—It has always been rather a thorny question, and so long as the Government was under the Crown Colony system we were pretty well bound to the Crown Agents by the rules of the Colonial Office, which, as you know, require tenders to be made through those officials at home. The business is in their hands. On some occasions we have either obtained special leave, and sometimes I am afraid without special leave we have bought locally.

5825. Is it the feeling in the country here that you ought to give the local merchant a chance?—Yes, I think so.

5826. This concludes your questions, but I should very much like—on the general question—you to state shortly what has happened since the London meeting. Two or three special things have occurred in your dealings with the Conference, coming right down to the present day?—That would be from the 1st January, 1906, down to the present time.

5827. It will probably be quite in your memory. There is very little that happened for some time after that?—There was a further conference held in Pietermaritzburg at the time that the Customs Convention was being negotiated. That was, I think, in May, 1906. I was not present at that conference, because I was unable to leave Bloemfontein at the time, but Sir Hamilton Goold-Adams attended to represent the Government. If my memory serves me, they reaffirmed the principles which had been attempted to be laid down in London by the former delegates. They desired to go on conducting negotiations through the Agents-General and the Crown Agents, and that state of things practically continued through the remainder of that year. I do not think any further concessions of any moment were given. The delegates considered that the rates finally offered by the shipping companies were not adequate, and they decided to continue in as united a fashion as possible their attempt to get better terms.

5828. They did not re-affirm any approval of Colonial Bills here?—No; I believe that was not particularly discussed.

5829. That brings us to the end of last year?—Yes. Much the most dramatic incident which has occurred since then was the Conference at Government House here, a few months ago.

5830. Something led up to that?—The special preferences granted to Natal.

5831. How were you informed of that?—I think we learned it from the newspapers.

5832. That these changes had been made?—Yes.

5833. That was about the end of June, was it not?—Yes, shortly before our Legislative Council sat.

5834. It was discussed at your Legislative Council?—A resolution was passed after the Conference had been held, approving the decisions arrived at, and complementing Sir Hamilton Goold-Adams upon the results of his diplomacy. There was a certain amount of difficulty in getting the representatives of the different Governments together, but they finally all did agree to come here.

5835. You met on the 6th July; that was very quick, was it not?—Yes, it was pretty quick. It was all done by telegram. The meeting lasted the whole of the day, and the attitude of the Natal Premier was most favourably commented upon by all present. He, although he had secured certain special advantages for his own Colony, was quite prepared to throw in his lot, after a certain amount of discussion, with the other Colonies concerned, with the result that an agreement, as you know, was arrived at. I suppose that agreement has been put in.

5836. That agreement has been put in: that is, that you were, practically, to countervail the alterations that had been made?—Yes.

5837. As you were not railway experts, the countervailing was to be done by a conference of railway experts?—Yes. The railway experts were present, and sat in an adjoining room.

5838. They did not sign the agreement?—The agreement was signed on behalf of the Governments. The railway experts did not, of course, quite complete the details of the scheme on that occasion, though they arrived at something very near it, and their report was drawn up subsequently and submitted for approval.

5839. Roughly, could you give me the effect of the resolutions passed by the meeting of the Governments, and as elaborated?—I should be rather unwilling to attempt to give the effect of the elaboration, which was highly technical.

5840 The effect was that the Colonies were to contribute varying sums of money to make these allowances to merchants?—Quite so. At the different ports concerned.

5841. Is it not the case that getting these allowances involves an immense amount of bookkeeping and trouble?—I think it was felt that the expedient was a somewhat clumsy one, but, at the same time, it was the only one that presented itself at the moment. I do not know whether you took evidence from the General Manager upon the point as to how the thing had worked out. I have really not been cognisant of what has happened in regard to the payment of these rebates.

(*Sir John Macdonell.*) We had evidence from Mr. Mosenthal as to the time and trouble spent in making out the statements.

5842. (*Chairman.*) To get back a very few shillings we had to do an immense amount of paper work?—Yes, but as you would realise from the wording of those resolutions, the proposals were only intended to be in force until a General Meeting of the Colonies to discuss other matters, including railway rates.

5843. When is that likely to be?—It has always been spoken of as the Conference to be held in March, 1908, but in view of the recent developments in politics at the Cape, I should think it could hardly be summoned quite so early.

5844. I will read to you the resolutions: "The rail-"way rates at present existing from the various ports "shall remain undisturbed, but rebates shall be

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"granted in respect of the various ports affected in "such a manner as to maintain the status quo which "existed prior to the 1st July, 1907. The competitive "areas to which such rebates shall apply shall be "settled by the General Managers, but subject to the "approval of the Governments concerned. Such "rebates shall apply only to freight from Europe car- "ried by ships of the Conference Lines affected by the "recent alterations of sea freights. The amount of "such rebates shall be contributed by the four British "Colonies in proportions to be agreed upon, but the "Transvaal Government will endeavour to obtain the "consent of the Government of Portuguese East Africa "to bear its proportion of such rebate." Has that consent been obtained?—Yes.

5845. "This agreement shall continue until the "meeting of the inter-Colonial Conference to be held "as soon as possible after the appointment of a "responsible Ministry in the Orange River Colony."?—Yes. March, 1908, was regarded as the earliest practicable date.

5846. "The Natal Government reserves to itself the "right to re-open at that Conference the question of "differentiation of sea freights as between the various "South African ports." Is not that a similar reservation to that made by the Natal Government at the time of the London Conference?—Yes, the whole attitude of Natal throughout this last business was, up to the time of the Bloemfontein Conference, very much the same as was apparent at the London Conference. That is to say, there was the difficulty, so to speak, of keeping Natal in the room.

5847. Natal joined in?—Yes. I am speaking of what happened up to the time of the Conference. They appeared to be going upon their own, and rather without regard to the interests of the rest of the Colonies. When matters were fully explained to Mr. Moor, he took up, as I have already said, a most creditable attitude.

5848. I suppose you would not be surprised to hear from some of our evidence at Durban that they rather insisted on the right of Natal to be quite apart, and independent in the matter of railway rates and port rates?—I should not be surprised to hear that.

5849. The next clause: "If the Conference Lines "shall make any further alterations in freights before "the meeting of the inter-Colonial Conference takes "place, the system of rebates or countervailing rates "shall apply automatically to such further altera- "tions." Have you heard that any local alterations will be made in freights—alterations by the Conference Lines?—I think they have signified their willingness to extend certain benefits granted to Natal to the other Colonies in South Africa.

5850. East London to be given certain benefits?—Yes; but I refer rather to preferential rates granted in regard to carriage of certain classes of goods.

5851. In Class 1, Durban and Delagoa Bay were the only two ports affected, I think?—Yes.

5852. In Class 2, all the ports; Class 3, East London, Durban, and Delagoa Bay; Class 4, East London, Durban, and Delagoa Bay. But that reduction of the rebate applied to all, I suppose?—Yes.

5853. How did your Government look upon that?—It looked upon it as somewhat illusory.

5854. I suppose, if the rate had been reduced, if there had been a smaller rebate and a lower rate at the same time, you would have approved of that?—Yes.

5855. As meaning a less hold of the shipowner on the merchant?—Yes.

5856. The last clause: "The expression 'rebates' "wherever used in this memorandum is understood to "mean premiums or money paid by way of levelling "down freights." This is signed by the representatives of the four Colonies?—Yes.

5857. There is no representative of Rhodesia?—No, Rhodesia was not brought into this Conference at all.

5858. It was represented at the London Conference?—Through Mr. Birchenough, yes.

5859. You do not know why it was?—I think the reason probably was that the whole thing had to be done so rapidly—action had to be taken almost at once.

5860. That practically completes the history of the matter up to the present time?—Yes, until the attempt I have spoken of by the various Governments to get reduction of freights for their own cargoes by chartering outside steamers. That was the last incident.

5861. You have had one or two reductions since. Is not there one on mealies, from more than one port?—That was what I was alluding to just now. I think it was given originally to Natal alone, but I understand that that special rate has been extended to the other Colonies by the Conference Lines.

5862. That is an export rate?—Yes.

5863. Which seems to be regarded by agricultural people, not only by Natal but elsewhere, as of considerable importance?—Yes.

5864. (*Sir John Macdonell.*) I should like to ask you one or two questions respecting this proposed Commission, which is to consist of representatives of the Shipping Lines, the merchants, and the Government. Has that proposal ever been put forward by any Government, as far as you know?—I do not think so. I believe something like it was put forward in the course of your sitting, by Mr. Mosenthal.

5865. Mr. Mosenthal made a suggestion of somewhat similar but not exactly the same character. I gathered from what you said, in answer to my friend, that you were not quite sure whether this body could be brought into existence and become effective without legislation?—Yes.

5866. You probably had in your mind that perhaps there might be inserted in the bills of lading or other documents a reference to this body, and a declaration that the parties thereto should be bound by the decision of that body. That is probably what you had in your mind?—Yes, that it should really be part of the contract.

5867. On reflection, would you say that legislation would be necessary, because, as I see here, one part of the scheme is that the decisions should necessarily be final and binding on all parties. Even with an arbitration clause there are circumstances when the matter might be brought under review before a Court. As you are well aware, there may be certain circumstances in which, under our Arbitration Law, such a decision would not be binding?—Quite so. It is that part of the proposal I think, which probably implies legislation.

5868. So that, if all your proposals were to be given effect to, I think you will admit that some legislation would be necessary?—It would, I think, and I should imagine it should be Imperial.

5869. You have just anticipated what I was going to put. It would require, you think, to be Imperial; it would require, also, to be legislation on the part of all the South African Colonies?—Yes. It was in my mind to say that possibly the outcome of the Imperial Commission deliberations may be that a Court or Commission of this kind would be established, not only for South Africa and the South African trade, but for the American trade, and the Eastern trade.

5870. It is a suggestion not necessarily confined to the South African trade?—Certainly not.

5871. But, for the moment, looking at it from the point of view of South Africa, you are inclined to admit that legislation would be required, not merely in the United Kingdom, but also in South Africa?—I think so.

5872. Have you considered what would be the bearing of your proposal upon the members of the Conference Lines that are not English—the German members?—Do you mean as to whether they would be bound by the findings of such a Commission?

5873. Yes?—That, of course, does introduce a very difficult element.

5874. And a question the difficulty of which would, to say the least, not be diminished if the jurisdiction of this Court—or Commission, to use your expression—were not merely to extend to vessels engaged in the African Conference, but to extend to vessels engaged in all Conferences, whatever their area and jurisdiction and sphere of operations might be?—Yes.

5875. So that, without pressing the point too far, you would admit, I think, that such a proposal, if carried out on a large scale, would have very far-reaching consequences?—It would, no doubt.

5876. Do you think that it would be practicable unless there was concerted and contemporaneous legislation in several other countries?—The more the field of the operations of this Commission is extended, the more legislation would necessarily have to be effected.

5877. Would not very difficult questions and complications arise in the absence of similar legislation in other countries?—Yes, and I suppose the standing out of any particular country from the legislation would to a large extent nullify the advantages of the scheme.

5878. You stated that to some extent the suggestion had been prompted by bearing in mind the powers of the Railway Commission?—Yes.

5879. Of course, you will admit there are some differences—and important differences—between your proposed tribunal and the existing Railway Commission?—Yes.

5880. Might I call your attention to one? Your tribunal, if I mistake not, is to act in a general spirit of fairness in dealing with the various questions which are brought before it in the same way as an arbitrator should do?—Exactly.

5881. But, as you are aware, the Railway Commission administers to some extent the terms of definite Acts of Parliament—I am not saying it has not some of those other powers?—Yes.

5882. That is an important difference, is it not?—Very much so. The proposed Commission can only be regarded as analogous.

5883. I am not for a moment assuming that you are pressing the point. I am only wanting to bring out important differences, and if you tell me, after having these differences presented to your mind, that you still think the scheme practicable I will pass on, but I would like to draw your attention to some of them if you do not mind. The Railway Commission has a judicial element in it?—Yes.

5884. Your proposed Commission would have none?—No judge.

5885. The Railway Commission's decisions are subject to appeal?—You can go from the Railway Commission to the Court of Appeal.

5886. And to the House of Lords, if necessary. Your Commission's decisions would be subject to none?—That is so.

5887. And then is not this a very practical difference between the two? Questions affecting classification would necessarily come to a considerable extent before this proposed Commission, turning upon whether a particular article should be placed in Class 1, 2, or 3?—Yes.

5888. There again your Commission would have no assistance from any statutory provisions regarding classification?—No.

5889. But the Railway Commission has the assistance of certain statutory classifications?—If we assume that legislation is required for the establishment of this Commission, such legislation might surely contain certain features of that kind.

5890. That is a point which I would like to have clear to my mind. You would contemplate, I do not say legislation strictly the same as the legislation with regard to the classification of goods for railway purposes, but some similar classification?—Yes.

5891. Of course, that would be a very large order, to put it in a homely way?—Yes.

5892. Then too, of course, in regard to railways there is a statutory maximum charge which is to some extent a guide so far as the Railway Commission is concerned, upon goods of various classes?—And upon passenger fares.

5893. In the absence of further legislation, such as you contemplate, there would be no such guide here?—No.

5894. Might I call your attention to another matter, and I would like to hear what your explanation is with regard to it? After all, when you do establish your Commission, I suppose there is nothing to prevent some outsider sending one ship or a number of ships to come into an African port and offer terms more favourable than those which your Commission declare to be reasonable?—That seems to be a possibility, certainly.

5895. Then, again, is not there a great difference between the Railway Commission and your proposed Commission, because, as you know, in the absence of a Bill empowering the creation of a rival railway, the railway which happens to have possession of the field has a monopoly?—Yes.

5896. Again a somewhat important difference?—Yes.

5897. These are matters which, as you may say, are to some extent matters of detail. You think, on the whole, that the site of such a tribunal would be on the whole preferable in England?—I think so.

5898. Some such question was put to Mr. Price with reference to a somewhat similar proposal, and he, when asked very much the same question as I am asking you with regard to that point, spoke emphatically in favour of such a tribunal sitting in South Africa, and he winds up in one of the answers to the questions put to him by either my friend or myself:—"It will rather "indicate why it is that I feel that if this thing is to "be settled at all the people dealing with it should be "where they can drink in the facts where they present "themselves." That is to be found in answer to Question 5013, page 84 of the transcript. I asked him, "Is this body, in your view, to sit in South "Africa?" and he answers, "I am quite clear in my "mind that South Africa is a better place for that "body to have its habitat." Then he goes on to illustrate his meaning, and he winds up with the sentence which I have read—"where they can drink in the "facts where they present themselves"?—And the instance he gave is this very instance of the Conference resulting from the preferences given to Natal.

5899. Quite so. Your view is that that body should sit, not, as Mr. Price suggests, in South Africa, but sit in London?—It certainly seems to me that the balance of convenience is in that direction.

5900. Let me see whether you have considered this aspect of the matter. I suppose one can rightly say that the class of question that would come before such a tribunal would be of two kinds—strictly private grievances with respect to particular shipments and quasi-public complaints?—Yes, of two kinds.

5901. Questions involving the positions of particular ports and their relations to railways—that might be one class of question. But there would also be private questions; a shipper would have a grievance on the ground that such and such a rate was excessive?—Yes.

5902. In order to determine such a question as that, your Commission would have to do what every arbitrator has to do before he arrives at a decision—hear evidence?—Yes.

5903. And where, in many cases, would that evidence come from?—It would come from this part of the world.

5904. In other words, that the witnesses would have to come over—not in all, but in an appreciable number of cases—from South Africa?—Yes, unless the Commission acted as your Commission has acted and was good enough to come out to this country or send a Sub-Commission.

5905. That is approaching a little to Mr. Price's notion, is it not?—Yes. I am bound to say that this has only occurred to me in the course of hearing what you say.

5906. It is obviously a very difficult question to work out. I am putting difficulties, as it is my duty to do, but, of course, I realise that any scheme that is put forward is probably open to objection. At all events, in a certain class of cases, evidence would have to be called for from this side. For the moment look at what I venture, for lack of a more appropriate expression, to describe as the quasi-public questions, would it not be necessary in determining them aright that representatives of the ports of South Africa or of the municipalities of South Africa or even of the Governments of South Africa might from time to time have to attend?—In questions, for instance, of the differentiation between the ports?

5907. Yes, that is a good example of what I have in my mind?—I was thinking that that would probably be settled not by representatives of the ports so much as by the Governments concerned; and, of course, if we do arrive, as we hope we may arrive, at some federal union of South Africa, these questions of ports would very soon fade into insignificance.

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5908. You think that long before the Commission got into full working order these difficulties would have been removed?—I would not venture to put it so soon as that.

5909. Put it as you would like to put it?—As I would like to put it! Having had a certain amount of experience in the last few years in the working of the different railway systems of South Africa, I see that that is the prime difficulty at the moment—the question of treating the ports fairly, having due regard to their geographical position.

5910. In making the suggestion of the creation of such a Commission, do you contemplate that the difficulties, with respect to ports and the preference of ports, will have been dealt with in some manner?—I should hope so. I should think they would be one of the first things to be dealt with.

5911. If it were necessary, at all events, in a considerable number of cases, for witnesses to come from South Africa in order to support their claims or to answer claims made against them, do you think such a tribunal would be a cheap tribunal?—I think not, but I think its value would be so great that it would be worth paying a good deal for.

5912. I am putting to you a case where a merchant, be it in East London or be it in Port Elizabeth, thinks that he is wronged to the extent of a few pounds by reason of an oppressive rate; is he to be compelled to fight out that question in England?—Certainly not compelled.

5913. If he is to obtain redress?—I should think that if the matter was of sufficient importance it might be worth his while to do so, but, of course, I do not imagine that this tribunal would deal with questions of what one might call the smallest importance.

5914. That is another point on which I should be glad to ascertain your view. Do you contemplate that the work of this tribunal should be confined to what I may call representative cases and matters of great importance?—Probably that would be the outcome of it, and it would decide cases very much as any other court does, which decisions would be taken as precedents, and probably acted upon in other cases.

5915. Again, if your analogy to the Railway Commission is to be carried even to a certain small extent, one would expect that this Chamber should deal with all questions, great and small?—Yes. I can see the difficulty of the point you raise.

5916. Might I ask whether it is not rather a matter of notoriety that the Railway Commission has proved a highly expensive tribunal?—I am not acquainted with the expense of it, but I imagine that it must be. Might I ask a question about it, or is that improper?

(*Chairman.*) Perhaps, it is, strictly speaking, improper, but I think you might do it in this instance.

5917. (*Sir John Macdonell.*) I have not the slightest doubt you could put it in the form of an answer?—What I was wondering is, whether the Railway Commission is in any sense a roving body, or does it remain located in London?

5918. For the moment, I am supposing that I am putting a question. It sits in London, it sits in Edinburgh, and it sits in Dublin—the same Commission, with variations as regards the Judge. Have you thought of any somewhat simpler remedy for the evils—if there be evils—of the deferred rebate system? We have had a suggestion to this effect, that it should be open to anyone to come and claim his rebates, notwithstanding the fact that he has shipped by an outside line, and that the court will take into account what damage, if any, the Conference Lines have sustained by his action, and will award him the rebates minus such sum, if any, representing the damage sustained by the Conference Lines. What do you say to such a suggestion?—I have not heard that suggestion before, and I should like to know whether those who made it pre-suppose the claimants going to the ordinary court.

5919. The suggestion was put forward, amongst others, by Mr. Spens, of Glasgow, and his evidence seemed to suggest that resort should be made in the ordinary way to the ordinary courts. Have you thought over such a suggestion?—No.

5920. I will not trouble you with it. I am not sure that I quite understood, even after the explanation that you gave my friend, your idea about the mail contract. You do not contemplate a mail steamer which should carry no cargo at all?—No, certainly not.

5921. You contemplate a steamer which would carry only a very small quantity of cargo so as not in any way to alter its speed?—Yes—cargo which could bear the higher rate required.

5922. Do you contemplate a higher speed than the 16 days and so many hours which are now taken?—We certainly do. We are, I believe, going to press for it in the new contract which is to be entered into. The contract expires in 1910.

5923. Of course, if the speed which is available upon the Atlantic and other routes were given to South Africa, the time would be considerably under 17 days?—I believe it could be reduced to 15 or 14.

5924. When you spoke of keeping the freight question apart from the question of the conveyance of the mail, one of the reasons was, that nothing should be done so as to deprive the Colonies of the highest available speed which can be got with modern appliances?—Quite so.

5925. There is but one question more, and that is this: I rather gathered from what you have said that the railway rates from the coast—from the seaport towns—will in a certain sense be always unstable so long as ocean freights can fluctuate?—Yes.

5926. And from the point of view of the inland consumer and the inland merchant it is of the highest importance that that instability should not exist?—Most important, because we may come to a most elaborate arrangement—as we have on various occasions—here with regard to railway rates, and the Conference Lines by a stroke of the pen may upset such an arrangement and produce complete chaos in our railway system.

5927. What you object to is that it should be in the power of one group of companies—it may be conceivably in the power of one man—to throw your internal railway arrangements in South Africa into chaos?—Certainly. The instance which we have been discussing this morning is one very much in point—in fact, it was the necessity of dealing with that which led to the prompt concerted action taken, to preserve the equilibrium.

5928. There is just one question, which is, perhaps, a little away from what you have been stating, and, perhaps, I may have the benefit of your opinion upon it. Of course, the position of manufacturers and traders at the coast is somewhat different from the position of those in the interior. They have interests somewhat different?—Yes.

5929. You are equally dependent with them upon the ocean rates, you are dependent, while they are not, upon railway rates?—Precisely. The railway rate, of course, has to be added to the ocean rate.

5930. Might I ask whether or not there has been any movement whilst you have been here in an official position in favour of the reduction of railway rates?—Certainly. It is a matter which is perpetually being pressed by somebody or other.

5931. Pressed with as much force as the reduction of ocean freights is pressed?—Not quite, I think, in the same manner. That is my experience. But it must be remembered that until the Transvaal gained self-Government and until this Colony acquires it these questions, so far as the new Colonies are concerned, have been dealt with rather by official people, and you have not had the same amount of public opinion at the back as you have now and will soon have in a still greater measure.

5932. (*Chairman.*) There is no other modification of the London draft agreement that you have thought of or any alternative besides that which my friend asked you about, paying damages instead of forfeiting rebates? It has been mentioned to us that at intervals of five or seven years a man might have a chance of settling up as to his rebates and be a free man again—start fair—that, in fact, there should be a sort of jubilee year in which he would get back rebates up to

that time?—That would be a modification of Clause 3 of the rebate circular.

5933. You have not thought of that?—No, I have not had that before me.

5934. There is nothing special that you have thought of?—It would not avail him very much if the same conditions existed. He would simply get free for the moment, but he would shortly be caught again in the toils.

5935. It would free him for the time being. It has been suggested to us by others?—I do not think there was any other alteration that occurred to me. Of course, point 2 in the proposals of the London Conference with regard to the reduction of the tariff still remains.

5936. You are just as much impressed with the necessity of that as you were at that time?—Yes. *Mr. H. F. Wilson.*

5937. Yet you do not object to the rebate system as a system if it can be properly safeguarded?—If it can be properly safeguarded and controlled, and if it is not exercised by a monopolist. 27 *Sept.* 1907.

5938. (*Sir John Macdonell.*) Would you be in favour of putting the contract between the customers of the Conference Lines and the Conference Lines into a more definite and clearer form than it now is?—Yes. I think that would be most desirable.

5939. You think it would be well that it should be, like ordinary business contracts, contained in one document, which both parties would sign?—Yes.

(Afternoon Sitting.)

Mr. THOMAS W. HOSEASON, Mr. PHILLIP LOWENSTEIN, Mr. GEORG SCHWEINSBERG, Mr. PERCY GOBLE, and Mr. WILLIAM A. DOHERTY, examined.

5940. (*Chairman.*) You are going to be the chief speaker?—(*Mr. Hoseason.*) Yes. *Mr. T. W. Hoseason. Mr. P. Lowenstein. Mr. G. Schweinsberg. Mr. P. Goble. Mr. W. A. Doherty.*

5941. Could you tell me whom you represent?—We were picked out by the Lieutenant-Governor as being generally representative of the districts from which we come. The Chambers of Commerce have been represented through the Associated Chambers of Commerce, and the Lieutenant-Governor thought there might be some outside opinion that might not find its way to the Chambers, and therefore he asked us to come. We are all in business in various towns, and come in contact with the farmers.

5942. What towns do you speak of?—Kroonstadt, Bethlhem, Fouriesburg, Fauresmith, and Ladybrand.

5943. Are you importing merchants?—To a small extent.

5944. And retailers as well?—And retailers as well.

5945. You have come to give us your views on the present system under which the Conference Lines carry goods?—Yes.

5946. To and from South Africa?—Yes.

5947. I suppose not so much from South Africa. Do you do anything in the way of export?—Some of us export directly, but mostly our produce is sold at the coast.

5948. Do you buy the produce from the farmers?—Yes.

5949. Wool and mealies?—Wool. Mealies, of course, are not exported. They are just beginning now, but it is quite a new thing. We have no experience of it as yet.

5950. Mohair?—Yes.

5951. Not feathers?—Not up here—except wild birds'.

5952. Anything else—skins?—Yes.

5953. You are interested, then, in the import and the export trade?—Both.

5954. Are you interested in the coasting trade from East London to Cape Town?—No, or only very, very slightly.

5955. What is your experience of the way in which the trade is conducted and the freight rates?—We have had an informal meeting amongst ourselves and discussed the matter, and we came to the conclusion that really you did not want any answers from us to the first three questions.

5956. The fourth question you would like to answer, "What objections, if any, have you to the system of "Rings or Conferences and the system of deferred "rebates? Do you consider that these objections "outweight any advantages that are to be derived "from the system of Rings or Conferences and the "system of deferred rebates"?—We have a decided objection to rebates as they are at present governed, because we consider that the shipping companies have too great a power over us; but we do not at all object to the rebate system if it were properly governed by some kind of commission or committee, which we understand is contemplated. We think that the rebate system tends to steady trade, and, as merchants, we consider that it is a most important thing to have steady rates.

5957. You do not want to be in a period of what are called "war rates," when goods may be brought out at 15*s.* a ton one week and at 30*s.* another?—No, but rather than submit to the present entire control that the Shipping Ring exercise, we would rather see an open freight.

5958. What is your objection to the present system from a practical point of view? What harm does it do you?—In one way we consider that on many classes of goods that are brought into this country the Shipping Ring are charging us very much too high. As representing the farmers, we object very strongly to the rates on live stock. 27 *Sept.* 1907.

5959. We have had evidence on that already. What live stock in particular—cattle or sheep?—Cattle and sheep, but sheep as a rule only come to us from Germany—that is to say, breeding stock.

5960. Not a great many from there?—Not so many now, since the Government have begun importing from Australia, but in the old days our breeding stock used to come from Germany and France.

5961. In the future, is it not likely that sheep will mainly come from Australia or anyhow from this side of the line?—It is likely, but I think it is not right that Great Britain should be absolutely shut off in the matter of cows and horses. Of course, as merchants we have no positive evidence to give on the price. I can only speak to sheep—to rams. But we know that the price charged by the shipping companies for breeding stock is so excessively high as to prohibit the farmers from ordering them from England.

5962. Do you wish to order them from England?—We should naturally like to have a fair rate from England, so that we could order from England, if we wished to. I am speaking now from a farmer's point of view. Of course, I am not a farmer. I consider, coming from the district, that we ought to speak for the farmers also.

5963. Is that particularly a sheep country?—Where I come from is distinctly a sheep district.

5964. You want to get pedigree stock from England?—We might want to get it; in fact, some farmers have begun to import. I do not know whether they will do or not. That is not a matter for me to say, but at any rate round our district they have begun to try and introduce the English pedigree stock.

5965. And the charge on sheep as supplied to us is, from Europe £4 10*s.* ahead for six head and upwards; from one to five head, £5 ahead; that includes pens, watering, and food?—Yes. Our Government have brought in sheep from Australia, and sold them at £3 ahead, which included the freight from Australia and the price of the animal.

5966. Here there is the food, attendance, and freight put down at 18*s.*, but these sheep are in very large quantities. You would expect they would be carried much cheaper in large quantities?—Yes, certainly.

5967. But not the great difference between 18*s.* and £4 10*s.*?—We have paid £6, but that was before the war. We have paid £6 for bringing rams from Germany. I am speaking roughly; I could not tell you exactly to a shilling.

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5968. I suppose that in your district, as in others, there has been an enormous increase in the number of sheep these last two years?—A very great increase.

5969. Have these come from the neighbouring Colonies?—A great many have come from Cape Colony. There is a very great necessity for grading up the sheep in the district. Since the war the people have not been particular enough in the selecting, and now is the time when the flocks must be improved.

5970. Have you anything to say about cattle. That is not so much a cattle district that you represent, is it?—It is not quite such a cattle district.

5971. Do any of your friends speak on the subject, because I notice that the number of cattle has increased enormously, too?—It has, sir.

5972. That has been, not from importation, but by bringing them from the neighbouring Colonies?—Yes.

5973. There is no question of cattle coming from Australia, but from Canada the ocean freight and food on voyage seems to come to over £5—from £4 6*s.* to £5 10*s.* That does not include any cost of cattlemen to take charge of them bringing them over?—Of course, I cannot speak from positive importing, but I understand it costs something like £20 to bring a cow out from England.

5974. From the information which has been given us in evidence, one bull cost £21 to bring from England, but a bull is a troublesome thing on board ship?—Yes, but still, it is a great difference between that and the other charge.

5975. In the case of the cattle there were 51 cattle from Canada. I suppose they were not bulls?—We have imported from the United States, but not recently. Taking merchandise, there is a great difference in tools.

5976. You have done with cattle for a moment?—Yes. The difference on tools is very decided, but, as I say, in one way I am speaking from old information.

5977. That is a pity, because a good deal has happened recently. We have had rather recent information that there is not very much difference in the freight on such things as tools between the United States and England?—It must have changed very much since I imported.

5978. Was that at the time of what was called the Prince Line competition—several years ago?—Yes ; it was about 1897.

5979. Where do your tools chiefly come from?—Of course, most of the up-country towns buy from the Coast, but you occasionally bring shipments in at the beginning of the season, and a great many tools come from America.

5980. Do you sell tools from your stores?—Yes.

5981. What do you sell chiefly? Do you sell ploughs?—Yes.

5982. What sort of a plough is most in demand—not a common No. 75 plough?—No, that has gone out now. Of course, I suppose, really in this country a great many more American ploughs are sold than English ploughs—American and German.

5983. Why do you think that is so?—I cannot be positive on this subject, because I have never imported ploughs but have always bought them here at the coast.

5984. You know what the demand is for. You try and please your customers and get a plough that you can sell most of?—The reason why the German plough is in favour here, is because of its light draft and the want of animals.

5985. It is not any cheaper than the English plough?—It is cheaper than a plough that can be made to do the same work.

5986. Will it last as long, do you think?—It is a very poor laster.

5987. I suppose it has rather heavy work?—No. It is bought because of the light draft.

5988. Why does it last such a short time?—It wears out so soon.

5989. Is it because it is on stoney ground?—I think it is probably of inferior material.

5990. You think it is the inferiority of the plough?—Yes.

5991. But, still, people like to pay rather a less sum and have an inferior article?—If they can do with two less oxen.

5992. They save a good deal in that way?—Yes.

5993. Are there any other instruments that you deal with particularly? Is there much business done in reaping machines?—Very little—not in our district. Some of these gentlemen are more in the grain district than I am. (*Mr. Goble.*) In our district there are a great number of reapers, binders, and mowers used ; and also with regard to agricultural implements, we find that the implement which sells the best, in our part of the country, is the American plough.

5994. Is that for the same reason?—No, I do not think so. It is on account of the plough, probably, being better introduced into that part of the country, and also on account of the implement being in itself good.

5995. Do you mean it is introduced by travellers?—Introduced both by the representatives of American firms, who send out experts to give demonstrations with the ploughs, and also the material used in the ploughs, and the make of the plough seems to be altogether suitable for our part of the country.

5996. Then you do not think there is very much importance to be attached to the rate of bringing the plough—on the freight charge?—I cannot reply to that definitely, except, that the ploughs landed with us—a similar class of plough to the English plough—are cheaper than the English. Take an ordinary plough and compare it with a Royal Blue—Howards cannot land their plough at the same price as the American ploughs.

5997. You do not know why that is?—No, I could not tell you. (*Mr. Doherty.*) I would like to mention, with regard to ploughs and plough material, that I have always found you can buy shears from England, such as in the old 75—the beams—come very much cheaper from America, while the shears come from England. And also with regard to the ploughs used, I think if we took any small town in the Orange River Colony, you would find three-fourths of the ploughs stocked at any of the stores were American ploughs, probably, because the Americans have studied the nature of the country more.

5998. They push the sale better?—Yes, and the same with regard to reaping machines. They are nearly all American. (*Mr. Lowenstein.*) With regard to agricultural implements, I may say that our district is a very important one for agriculture. I myself do a fair trade in agricultural implements, and I must say that I always exclusively get the American article. There is one certain plough which we sell very largely, and the English implement is not in it against it. It is a splendid plough, and the people prefer it. It is not a very cheap plough. It is of excellent material—of the best steel.

5999. Do you think the name helps to sell it?—I could not say ; it sells splendidly. I have, of course, English ploughs, too, and I have not that sale for the English plough, by a long way. The English is far heavier, as Mr. Hoseason just mentioned. It is on account of the lighter draft that the other is preferred ; it requires less oxen. That is the fact, that some German ploughs would require four oxen less than the American and English articles, and the same is the case with reapers and binders. We sell exclusively American binders.

6000. Simply because the demand is for American binders—not so much on account of the freight?—No. (*Mr. Hoseason.*) Our principal point is, that we consider that it is to our own interest, and really to the interest of the country, that freights should be stable ; that we should be able to calculate our requirements. That is really why we are here, because we know you have had a mass of evidence on the whole subject, and we merely wish to add our views that, that we very much prefer, if it can be arranged with the shippers, that freights shall be stable. If such a regulation can be made by a Commission or by the Imperial Government, so that the classification of goods does not fall severely upon one class of people ; that the farmers, who have a less voice perhaps than the merchants, get a fair chance ; that some equitable system of classification could be arranged and controlled.

6001. You want some system of control; you do not want to feel you are entirely in the hands of the Conference?—Not entirely. Then we believe in the stability of freights; we would rather have them a little higher and have them stable.

6002. That is really the point which you wish to urge?—Yes.

6003. You have no particular objection to the rebate system in itself?—As it is at present administered it seems to be very arbitrary. In itself, we have no objection to it.

6004. You do not get any rebates, do you?—Yes.

6005. By whom are they sent to you?—(*Mr. Schweinsberg.*) Our shipping agents in London. We wish no shipper to be penalised by forfeiture of his rebates until the Commission, which we hope will be established in London, shall have a chance of seeing all the papers regarding that particular case. As it is now, any shipper may be penalised and his rebate may be taken away from him without his having any chance of defending himself or placing his case before any committee who might investigate and do justice to both sides. We advocate that a Committee be composed of representatives of the various Governments of the Colonies of South Africa and the South African merchants and some representatives of the shipping companies; that such a Committee should be formed in London; that they should control freights; that they should see that equal terms are given to all shippers large and small; that regular sailings should take place, and that the freights be fixed at a fair rate.

6006. By controlling freights, do you mean to say they should say what the freights should be?—After consultation with each other a fair rate should be fixed.

6007. The rates should be fixed between the parties?—Between the parties.

6008. Supposing the parties did not agree?—There should be some arbitration; there should be some tribunal to whom it could be referred for final arbitration.

6009. Do you think such a body might sit in London?—I believe it would be preferable in South Africa, but it was pointed out that the Agents-General being in London on the spot, they would be the best men to whom to entrust this work. There would be difficulty in getting a body of men together in South Africa to control it, and also, of course, the chief officers of the Conference being in London, they would be in closer touch with them. From a sentimental point of view, and even as regards our own business instincts, we should like the Committee to be in South Africa.

6010. Because you would have a better chance of giving evidence before it?—Yes.

6011. You do not want to speak on the other questions?—(*Mr. Hoseason.*) No, sir, I think not. (*Mr. Schweinsberg.*) Of course, we want a classification, if possible.

6012. You have a classification?—It is now secret.

6013. You want a public classification?—Yes.

6014. You want to see the classification?—Yes, the same as is now contained in a railway tariff book.

6015. You have never asked for it, I suppose?—It has never been asked for, I believe. (*Mr. Goble.*) And we think at the same time there should be no differentiation between any different bodies. That is to say, that the Government should be on the same basis as the merchants—the Governments, municipalities, or other public bodies; that all freights should be on one basis right throughout the country. Say, for argument's sake that the Board of Control fix the rate at 50*s.*, with a certain rebate, that rate should be applicable to anybody, large or small.

6016. You would not give any preference to your own town if you were doing important public works; if they wanted pipes for a water supply, you would not let them have them?—No, not on the basis of being an advantage to the general country to have one given rate right throughout so as to save undue competition. (*Mr. Schweinsberg.*) We feel that any advantage given to a municipality might be recouped from the merchants; the merchant would take it from his customers, and the public would pay in the end. It makes no difference, really. (*Mr. Lowenstein.*) With regard to the rates being fixed ultimately by arbitration, I think there might be some difficulty. My Chamber felt that the rates are rather high and they might come lower, and I think it might be advisable to call for contracts and have a Board at home constituted out of the shippers interests and South African merchants and merchants at home, possibly.

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6017. Who would call for the contracts—the Governments?—Governments, and generally agents at home.

6018. Contracts on behalf of the Governments?—On behalf of the trade of South Africa. I mean a Board constituted by South African merchants.

6019. (*Sir John Macdonell.*) Are you all agreed that there should be power in some Board or Commission or Committee to fix the rates?—(*Mr. Hoseason.*) I think so.

6020. You think there should?—(*Mr. Lowenstein.*) Yes.

6021. That somebody in London should fix the rates. You would not like that principle applied to your own business, would you?—(*Mr. Hoseason.*) Of course, we cannot possibly compel the Shipping Ring to come down in the freights.

6022. I am not dealing with the rebate system; I am dealing with your proposal to fix the rates at which goods of different kinds should be carried. You would see difficulties in applying that principle to other businesses?—Certainly. I do not think I ever suggested they should be fixed by a Board. This Commission would be merely a consultative body; there would be representatives of the shippers on it.

6023. It would be merely a consultative body?—We would be able to penalise people perhaps if they did not comply with the finding of this Commission.

6024. Are you all agreed that this Committee or Commission should be merely a consultative body?—(*Mr. Lowenstein.*) That is not really what I meant. I thought it should be a Board constituted by the shipper at home, by the merchants out here, and the Agents-General of South Africa should have a vote in the matter, and then they should discuss the rates—or tender should be asked for, and ultimately the best tender should be accepted.

6025. That is not quite the point I am now dealing with. I am asking you whether you understand that this Committee should have no power to fix the rates, but should merely give advice?—I thought they should be authorised to fix the rates.

6026. Do you agree with that?—(*Mr. Hoseason.*) They cannot fix the rates. (*Mr. Schweinsberg.*) They regulate the rates, but of course the whole thing would be based upon a contract, and supposing the two parties to the contract cannot agree there would be a breaking of the contract.

6027. Supposing they cannot agree about what is to be the rate, is there any person who is to be entitled to fix it?—No. If they cannot finally agree, then the contract ceases to exist within a certain time, and then they are both free to act. (*Mr. Lowenstein.*) That is not my argument. I think tenders should be called for.

6028. I am not dealing with the tender question at present; I am dealing with the point whether or not it should be in the power of some person, in the event of their not agreeing, to fix what is to be the rate?—I am afraid that is very difficult. I do not see how it could be done. (*Mr. Hoseason.*) It could be in the power of the South African Governments to penalise them if they do not agree with the finding of the Commission.

6029. That I gather is your view, but it should not rest with this Committee to say 40*s.* or 30*s.* is to be the rate?—The Committee will fix what they think is a just rate.

6030. Supposing the shipping companies do not agree to that, what then?—Then the thing is that you go outside. You hire other vessels; you get other Lines to come in.

6031. You then invite tenders?—You get the South African Governments to come together, and get other Lines to carry for them, but I should penalise the people who refuse to carry when the Commission has

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fixed upon a certain sum, or if they ever break their contract.

6032. Supposing that the Conference Lines refused to carry at the rate which the Committee had indicated, what penalty is to be imposed upon the Conference Lines?—The loss of their trade.

6033. Nothing more?—I have not thought over that.

6034. You still think that this Committee or Commission or body should sit in London?—I think so ; I think it is the most convenient site.

6035. Supposing that you had some complaint to make or any of your friends had complaints to make?—You would make it through your agents.

6036. You suggest that that would be convenient. You do not think it would be more convenient to have it, as certain witnesses have suggested, in South Africa?—The shipping companies would not be so well represented, and the principal thing is really to get at the shipping companies.

6037. It might be advantageous for you, but you think it would not be quite fair to the shipping companies?—I have not formed any real opinion on the subject.

6038. Your strong grievance, so far as excessive rates are concerned, relates practically only to live-stock?—The strong grievance is with regard to live-stock.

6039. You have mentioned tools and ploughs and various other articles, but, as you and other gentlemen have pointed out, there are good points about the American and German ploughs and other implements which may fully account for the preference?—Yes.

6040. And in your view the question of freight, apart from these points of difference, is not of much consequence?—Apart from any difference that is made between the English and the American and the German goods.

6041. Dealing with the question of live-stock, I suppose that your view is, that, at this time in the life of the Orange River Colony, it is of great importance that all live-stock, sheep, and cattle, and horses should be, to use your expression, "graded up" ?—Yes.

6042. That there is a great desire here that the quality and breed of all of these varieties should be improved?—That is beginning to spring up now.

6043. Do you think that with this feeling beginning to spring up, a lowering of the rates on live-stock would be at this time peculiarly beneficial?—Quite so.

6044. May I ask whether a demand for such a lowering has been made to the railway people?—I do not think so. I do not think the people are banded together enough.

6045. Has there been lately a reduction in the railway rates for live-stock?—That I cannot say.

6046. Your second important point, as I understand, is, that you desire stability of rates?—Stability of rates, yes.

6047. A slight difference in the amount is not to be compared with stability?—No.

6048. Have you not had, on the whole, stability of rates?—Yes, we have for a good many years.

6049. For how long?—I am not acquainted with it for a very long time.

6050. How far does your own recollection go back?—From about 1892.

6051. During that period you have had stability of rates?—Except that during one period there was a very great reduction in the American rates.

6052. That was during the freight war of 1902?—It was later than that.

6053. Since 1902 you have had stable rates?—Since 1902 I have changed my business, and I have not been very much acquainted with it.

6054. Have you any reason to believe there has been any great change?—No.

6055. So that your point in regard to stability of rates is rather theoretical. You, have, in fact, enjoyed that which you peculiarly prize?—We have, but on the other hand, we consider that it has been rather high ; that outside lines have been kept out by the rebate system.

6056. For the moment, I was asking you to confine your attention to the question of stability?—Stability at a very high rate we do not wish.

6057. It is the case that you have had, during the last few years, stable rates?—Yes, at a high rate.

6058. When you mentioned excessive rates on live-stock, you did not specify minutely the very high rates for other commodities. What were the other commodities? What were the rates which were stable, but high?—If my recollection carries me back we had rates down to 30*s.*, 35*s.*, and 40*s.* a ton.

6059. For what?—For general merchandise. Now I think that that rate is over 40*s.* up to 50*s.* I am speaking of the years before the war.

6060. Whether these rates which you are comparing at present were remunerative rates——?—The fact of the matter is that outside lines have tried to come in and carry at lower rates and have been killed out by the Conference.

6061. Do you think that is a proof that the rates which they offered to take certain consignments for were reasonable rates, or would have been continued if they had got in?—Probably they were too low. Somewhere between the two would be the right thing.

6062. Is there any item of general merchandise as to which you could say that the price to the consumer is undoubtedly affected by the freight. Think of some article with which you deal, and tell me, if you can, if the price of that article is, in fact, affected by the freight?—No, I could not answer that question at all. (*Mr. Doherty.*) There is one item—Kaffir pots.

6063. Could you tell me how the freight affects that?—It is a long time since I imported them. I think it was about 90*s.* a ton, as far as I can remember.

6064 From where?—From London to Durban, plus 10 per cent. primage.

6065. (*Chairman.*) They came by measurement, did they not?—No.

6066. (*Sir John Macdonell.*) Are you confident that was the rate?—Yes, I know that.

6067. You are not speaking of the price by measurement, you are speaking of actual weight?—I am speaking of the three legged Kafir pots.

6068. Could you send particulars of an actual consignment to you of Kafir pots, for which something like 90*s.* by weight was charged?—I will send it in. I think that is the exact weight. Moreover, they are not responsible for any breakage.

6069. Assuming it to be that which your recollection prompts you to say, how would that affect the price to the consumer?—Considerably. You have to reckon the freight in reckoning out the cost.

6070. In that ton how many Kafir pots would there be?—It depends upon the size. You can get from half a gallon up to 20 or 30 gallons.

6071. Supposing you take out half gallons?—The half gallon pot weighs about 3½ to 4 pounds.

6072. So that there would be something like 500 to 600 Kafir pots?—That is the smaller pot.

6073. Take that figure for the moment and then vary it. That would be something like 500?—Yes.

6074. Even if you were carrying it for nothing, the 90*s.* would not come to very much on the individual Kafir pots?—(*Mr. Lowenstein.*) 2½*d.*

6075. That is assuming they are carried for nothing?—(*Mr. Doherty.*) 2½d. is for freight only, and then there is always a big breakage. The breakage is generally at least 10 per cent.

6076. Dealing with a consignment of that sort and taking all the elements into account, including breakage, what should you say the effect of the freight was on each Kafir pot?—To considerably raise the price of it.

6077. In your view how much?—I think it comes out about 200 per cent. The cost of the pot is 6*d.* in England. I think it works out something like 1*s.* 6*d.* landed here. Of course there is the railage to be considered.

6078. There is the 6*d.* to start with, there is the ocean freight, which you put approximately at 2½*d.* ?—It comes out at something like 100 per cent. freight and breakage.

6079. To the sixpence you would have to add——?—Another 6*d.*

6080. Why another 6*d.*?—I am speaking of port to port.

6081. The pot costs in England 6*d.*?—Yes.

6082. The ocean freight charged you estimate at something like 2½*d*, or say 3*d.*?—No, you are taking the half gallon. I do not know that the price of that pot is sixpence in England. I was reckoning the percentage on it. I was taking, for instance, a pot costing 6*d.*

6083. Would you mind returning to your first illustration, the small pot?—The cost in England of the half gallon pot would be about 3½*d.*

6084. What would be the ocean freight?—About 2½*d.* and there would be 10 per cent. breakage.

6085. Then the railage would be?—I thought you were leaving the rail out of the question.

6086. Now add it on please?—The railage would also be about 3½*d.*

6087. That would be a total of somewhere about 9½*d.*?—More than that. 3½*d.* the cost of the pot in England, 2½*d.* freight, 3½*d.* railage and I think ¾*d.* for breakage—10¼.

6088. Do you think that example which you have given is a fair example of what takes place in a consignment of Kafir pots?—Yes.

6089. What is such a pot sold in fact to the customer at?—The half gallon pot is sold for 1*s.* so there is very little profit to the merchant.

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6090. You have made your illustration very clear to me. Without going into details, could you think of other classes as to which a somewhat similar result would be found?—That is the one that I know seems to be very exhorbitant, but in the case of groceries it seems to be very high.

6091. Could you give me an example?—I am not quite sure, but I think the rate on groceries is——

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6092. I will not take any case of which you are not positive?—Generally it seems to be very high. (*Mr. Hoseason.*) Further, the freight is very high on made up furniture because it is so bulky. A desk that I paid £18 for in London, cost me, I think, £32 delivered here.

6093. Of that additional £14, how much was railage?—I could send you particulars of that. (*See Appendix XXII.*)

6094. I would like actual definite particulars rather than recollection?—It is very bulky and the freight is measured by the size.

6095. The ocean freight, not the railway freight?—The railway freight is actual weight.

Mr. Johannes Henricus Meiring, examined.

6096. (*Chairman.*) You are the Collector of Customs here?—Yes.

Mr. J. H. Meiring.

6097. I do not think we have any brief of evidence from you?—No, I have been away, and I did not know I would be called at all.

6098. There was a brief put in yesterday from some of your colleagues. Were these submitted to you in regard to the Government being in favour of the scheme suggested by Mr. Mosenthal about the appointment of a Committee in London, and so on?—No.

6099. Have you seen the questions that have been submitted to witnesses?—Yes.

6100. The extent and nature of the cargo imported by the Government, we have. I will pass to "The methods "by which the shipping business of the Government is "conducted and whether shipments are made by the "Conferences as a matter of course or whether tenders "are invited in the open market"?—It is under contract with the Conference Lines.

6101. And then, "Whether the Government is bound "by the rebate system"?—No, the freights are given under contract as the shipments are made.

6102. There are no rebates?—No.

6103. Then, "Whether the Government is accorded, "under contract or otherwise, lower rates than those "accorded to merchants, and if so, what is the extent of "such preference"?—They get lower rates. I think it works out at about 10 per cent.

6104. It is rather complicated, is it not, under the contract, to tell the difference between the merchants' rates and the Government rates?—Yes. I think it works out to about that.

6105. Have you had to do with calculating those rates?—No.

6106. "Whether regular sailings and stable rates are "regarded as essential or desirable by the Government "from the point of view of administration: and, if so, "whether such regular sailings and stable rates are, in the "opinion of the Government only obtainable under the "rebate system"?—I think regular sailings and stable rates are certainly desirable as far as the Government is concerned: I do not know that it is exactly essential. As far as the merchants are concerned, it is certainly essential that they should have regular sailings, but I do not think that the rebate system has had very much to do with that. I think the sailings are regulated by the mail contract.

6107. Surely not with regard to the intermediate boats?—No, probably not the intermediate boats, but these come out as they can fill up.

6108. (*Sir John Macdonell.*) Nor of the lines which do not carry mails at all?—No, some of them do not.

6109. (*Chairman.*) "Whether it would be practicable "for the Government to make arrangements for the "shipment of their goods by chartering steamers in the "open market." Have you formed any opinion on that?—It would certainly be practicable, but there has been no necessity for it as long as there is a contract with which they are satisfied.

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6110. "What course has been adopted by the Govern-"ment when an opposition Line has been started." That refers to the Houston Line, I suppose?—Yes. These Lines have always been so quickly absorbed by the Conference Lines that there was very little time to do anything.

6111. "Whether it would be possible for the Govern-"ment to use their shipments and the mail contracts as a "means to obtain better terms for merchants"?—I do not think it would be desirable to use the mail contract as a lever.

6112. Why not?—I think these two should be kept separate unless it was the only means of getting a substantial reduction.

6113. You would do it at a pinch?—Yes.

6114. Do you think that the Government should have favoured rates over the merchants?—No, I do not think so.

6115. You would alter this contract on such an occasion. You would not take advantage of the lower rates to Government?—No. I think it should be a combination between the Government and the merchants. I should favour guaranteeing a certain tonnage.

6116. The Government should guarantee all their tonnage?—With the merchants, a sufficient tonnage that would make it worth while for the shipping companies to give the lowest possible rates under the guarantee.

6117. You must have come into contact with a good many merchants in the course of your official business?—Yes.

6118. What opinions do you generally hear expressed on this Conference system. I supposed they are pleased with the service?—Yes, but there is always a good deal of grumbling about rates, and especially about the deferred rebates—in the first place that they are deferred for too long a period, which gives too great a hold upon them, and in the second place, the Conference Lines are the judges and jury in their own case. There have been several complaints where the merchant was absolutely innocent of his goods having been shipped by other than the Conference Lines and the rebates have been forfeited and they could get no redress; there was no appeal.

6119. You think there ought to be an appeal to some Court of Arbitration?—If the rebates are continued it certainly is necessary.

6120. There is not a wide-spread feeling against the rebate system, as a system, I suppose, as long as it is conducted fairly?—I do not think there would be the same great objection if they were not deferred for too long a period and if there was a chance of appeal - if they were properly controlled by a body which was not directly interested.

Mr. J. H. Meiring.

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6121. You would have the shipowners represented on such a body, would you not?—Yes, conjointly with them.

6122. In your view, such a body would have before them these cases of hardship and they would have before them I suppose the classification?—Yes.

6123. But you would not give to them the duty of fixing the rates, would you?—Not necessarily.

6124. Have you had any complaints about the classification not being easily obtainable by merchants?—No, I cannot say that I have.

6125. (*Sir John Macdonell.*) Could you give me any information as to these innocent shippers whose rebates have been forfeited?—I have heard—some little time ago, I could not give the exact instances——

6126. How long ago?—I think it was something like a year ago.

6127. A year ago a case of a person who, not having shipped by any outside Line, nevertheless forfeited his rebates?—No. His agent had shipped by another Line without his know'edge—without his concurrence.

6128. That is the last case?—Yes.

6129. In consequence of the shipment by his agent through an outside Line the principal here lost his rebate?—Yes.

6130. Do you know whether he made any complaint and request for the return of the rebate?—Yes.

6131. Was his request refused?—Yes.

6132. Are you free to state by what member of the Conference that was done?—No, I could not say.

6133. (*Chairman.*) You do not know?—I do not know.

6134. (*Sir John Macdonell.*) That is the latest case. Give me a litt'e information as to any other case of the kind. You said, "several cases," I think. Can you think now of another case?—I cannot for the moment think of another case, but in the course of the work I have heard of cases.

6135. You are not able now to give any particulars as to those cases?—No, I am not at the present moment able to give particulars about them.

6136. Did you see the correspondence which passed between the companies and the persons in question?—No.

6137. (*Chairman.*) Do you not think that the Customs duties raise the prices to the consumers a good bit?—Certainly, that is, in comparison with the previous tariff.

6138. The duties have been raised, and now increase the price to the consumer a good deal?—I would not say a good deal, but it does increase it. Of course, it is mostly on *ad valorem* goods—what the railway would call "normal" goods—where that applies.

6139. What is it, 20 per cent.?—15 per cent., and with a preference of 3 per cent. it is brought down to 12 per cent. on British goods, and our largest importations are from the United Kingdom. I think we have 85 per cent. at the present moment of British goods, which wou'd carry the 12 per cent.

6140. (*Sir John Macdonell.*) Do you think that the railway rates largely affect the price of commodities?—Yes, they do.

6141. Even more than the freights?—I think the one working with the other. There have been since the last Customs Conference reductions in the railway rates in order to meet the increased cost of the increase of the tariff.

6142. Taking count of these reductions, should you say that the railway rates affected the price of ordinary commodities here as much as or more than the ocean freights?—I think it depends upon the distance that it has to be carried: I think it does affect it here.

6143. As much as or more than?—I would not say more than.

6144. (*Chairman.*) Coming back for a moment to Custom duties. Do you import a lot of butter through your Customs?—No, that has fallen off very considerably.

6145. I see there is a high rate there of a guinea a cwt. Has the import of butter fallen off because more is produced in the country?—Yes.

6146. I suppose jams are imported to a large extent, are they not?—Not now: they have also fallen off very considerably.

6147. What are the chief articles of food that are imported?—For some time we have had to import flour and wheat to a fairly large extent because we did not grow it ourselves and the Cape Colony was not equal to the whole demand, and then groceries generally. There is a fairly large amount of hams and meats imported. That is also falling off because our supply is increasing.

6148. The supply produced by the agricultural class is increasing, I suppose?—Yes.

6149. That decreases your Customs duties?—To a certain extent, but it increases the purchasing power of the farmers who can produce, and they go in for luxuries which they otherwise would not have had, so that it more or less equalises.

SIXTEENTH DAY.

Conference Room,
Bloemfontein,
Saturday, September 28th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Mr. JOHN LOTHIAN BISSETT, examined.

Mr. J. L. Bissett.

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6150. (*Chairman.*) Can you tell me what business you have?—I am a farmer and retired General Manager of railways. I am now farming and have been for some time.

6151. Where?—Near Springfontein in the Orange River Colony. I am a member of the Executive of the Central Farmers' Union.

6152. Do you appear on your own behalf or on behalf of the Union?—On behalf of the Union.

6153. Have they had a meeting?—The matter has been discussed.

6154. And they authorised you to express the views which you are going to give?—Exactly. I must say some

of the views are my own views. I am simply here to voice the general sense.

6155. When you give the views that you do not know are entertained by the members of the Union perhaps you will tell us : or if you think any of your answers are not shared by the members of your Union ?—Certainly.

6156. The first question is, "In what manner and by "means of what documents is the rebate system, so far "as concerns the trade from South Africa, worked in "South Africa ?"—You say, "By means of over-charge "vouchers on tonnage." Is that from your knowledge ? —That is from my own knowledge.

6157. Do you get these vouchers ?—I should in London. They are exactly the same as we deal with on the railway —over-charge sheets giving credit. They are credit vouchers so to speak.

6158. "Does or does not the merchant in South Africa "get the benefit of the rebate (a) on consignments to "South Africa ; (b) on consignments from South Africa? ' You say, "Large importers, yes ; but small merchants no "as a rule ?"—In many cases they do not know, and in other cases it is so trifling that they do not trouble themselves about it.

6159. Do you think that these rebates are retained by the merchants in London ?—It depends upon how the goods are dealt with. The agents retain them, and the men at the coast retain them on this side in some cases when the small man here buys locally in Port Elizabeth.

6160. Where did you buy—at Port Elizabeth ?—I do not import anything direct.

6161. You did when you were managing the railway ?—Yes. We got it specially. That was a Government arrangement.

6162. "In what cases, if any, have rebates been for- "feited by merchants in South Africa ?"—you say, "The penalty for making use of a tramp steamer is the "forfeiture of all rebates due." The next question is, "What objections, if any, have you (*a*) to the system "of Rings or Conferences, (*b*) to the system of deferred "rebates ? Do you consider that these objections out- "weigh any advantages which are to be derived from "the system of Rings or Conferences and the system of "deferred rebates ?" You say that you object to the system of Rings because it is an infringement of the liberty of the people. That is not an objection because you lose in pocket by it, is it ?—I think it is. I think it affects us as a community entirely. We are in the hands of a certain clique, and that is inimical to us. There is no doubt about that.

6163. It is not only a question of dignity ?—Oh, no. It is a question of money ; it is a question of the cost of living generally. It is all added to the selling price, and the poor man suffers.

6164. Have you gone into the question of how much the poor man suffers ?—No, I cannot give figures for that.

6165. You have not worked it out on particular articles that you import ?—No.

6166. You have only got the general idea, which is widely entertained, that these rates add to the cost of living ?—Exactly.

6167. I suppose the railway rates do so also, do they not ?—Oh, yes ; very materially.

6168. And the Customs duties ?—And the Customs duties also. But that does not make the other any less.

6169. I suppose you will say that the Customs duties and the railway rates all go towards the expenses of the Government ?—Yes—our own. The other man keeps our money.

6170. You say you object also to the system of deferred rebates on the same grounds, that you think it is an infringement of the liberty of the people. "I "am convinced that the Ring system is against the "public interest as at present constituted." Do you not consider there are compensating advantages ?—Yes. I think it is possible to make the rebate system a great deal better than it is. It is bad at the best, but I think it could be vastly improved ; it could be made bearable.

6171. "Has the effect of the system of deferred re- "bates and the South African Ring been to divert "trade from the United Kingdom to the United States "of America or the Continent of Europe ?" You say, "Yes, a considerable trade with America and Germany "has been worked up since the rebate system was "introduced into South Africa," but do you not think you would have had a considerable trade from the United States, anyhow ?—Probably we should, due to the go-ahead, business acumen of the Americans. We get agricultural machinery and things like that from them that we cannot get at the same price from England, but we are barred by the higher rates from England in any case, even if the machinery were the same in England. In many cases it is quite as good ; in many cases it is better. It is often gimcrack from America, but, at the same time, the money difference is so great that we must buy from America.

6172. Surely, now, the freights are not very different. In most articles there is a very little difference ?—It all depends on circumstances.

6173 Have you any figures ?—No. I know of my own knowledge of old ; I am surely entitled to make use of it.

6174. You are entitled to say that was the fact some years ago ?—I do not say I know the actual figures to-day, but I know they vary from day to day—from six months to six months at any rate—and with a tramp steamer you can make them anything. I have seen goods taken at 2*s.* 6*d.* a ton that would have cost £2 or £3. I have seen them taken instead of ballast.

6175. (*Sir John Macdonell.*) From America ?—No, from here.

6176. (*Chairman.*) What goods—wool ?—Anything they could get hold of—as against paying 1*s.* a ton for stones as ballast.

6177. What boats would do that ?—Any boat would do it.

6178. At what port was that ?—From Cape Town. That was one case. They have also done it from Port Elizabeth. It was more than 10 years ago, though.

6179. As regards the trade with America, you say that some agricultural implements that you get from America are more suitable ?—Not more suitable, but they are a great deal cheaper compared with the English article. It is a question of money.

6180. We have had evidence that it is not all a question of money—that many of the articles are more suitable ?—Some of them, but the English agricultural implements have followed the American lead until now they are almost identical.

6181. We were told that you could save a pair of oxen in working one of the American ploughs, because they were lighter. Do you agree with that ?—No, I do not. I have not seem the plough. There may be such ploughs, but I have not seen them.

6182. What ploughs do you use ?—The 75 plough, as a rule.

6183. That is rather a cheap plough, is it not ?—Yes. You can get it for 30*s.* to 35*s.*

6184. That is an American plough ?—Yes—commonly used.

6185. There is an English plough that is very much like it ?—Yes.

6186. It is quite as good or better ?—It is a great deal better—a great deal stronger.

6187. It is a little dearer ?—A great deal dearer.

6188. What is the price ?—I have paid £7 10*s.* for a plough.

6189. The same sort as a 75 ?—Not exactly the same. It is all steel ; it does heavier work. You cannot do certain work with a 75 plough. You require something that is a great deal stronger, that a team of oxen will not break when they come against some obstacle.

6190. Then you say that the rates are too high all round. "It is not a question with the Ring of getting "'what the traffic will bear,' but exacting as much as "the Colonies can pay under pain of losing all rebate "money due to them, and paying penalty rates thereafter "?—That is so.

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6191. Is it not to a great extent the case of getting "what the traffic will bear" ?—The shipping people do not charge beyond what the traffic will bear?—They do not consider that. I have never found them do it. For example, a man could grow potatoes at De Aar or Worcester. That is a long way from Cape Town. He cannot compete with Cape Town, but if the railway would carry the bags at 1*s.* a bag to Cape Town it would be finding money for them, because the trains are running. It would pay them and pay him. We do that.

6192. You were always ready to consider cases of that kind and to reduce the rate?—Yes.

6193. And your rough and ready principle was, "what the traffic would bear" ?—Exactly. We could not get anything ; it was impossible, and by taking what we could get, we earned money.

6194. Is it not the object of the Shipping Conference to get as much traffic as possible?—I should say so, without reserve, but, as a matter of fact, I do not think they do it as we did.

6195. You do not think they do it so scientifically and so well as you did?—I do not think they consider it. They do it in certain special big lines. I know, in fact, that that is a portion of the rebate business.

6196. You know that they have reduced the export rate on mealies to 10*s.* a ton?—Yes.

6197. Will that be of any use to your district?—I think it would. That is 1*s.* a bag. It all depends upon how far we are from the sea. It costs about 6*s.* to 7*s.* 6*d.* to grow a bag of mealies and place it on the rail, as a rule. If it is 8*s.* 6*d.*, and sold at 10*s.*, it would not be worth while. You would have to get about 14*s.*, perhaps to pay you about 5*s.* I am taking all expenses into consideration.

6198. Your mealies fetch a better price in London than the American?—I daresay. They are better mealies.

6199. You all say they are better mealies?—We know they are quite well. Our mealies are better grown mealies—fatter mealies.

6200. Are they sweeter?—I do not know, I could not say. Many of the South American mealies are very insipid, very ordinary small things. Our mealies are big and have a good sound body.

6201. So that you think there may be a European market for them?—I think so, provided the shipping people help and the railway as well—because the railways here are worse than the shipping people. The railway rates are what we have to contend with. I am not speaking as a railway man. The boot is on the other foot now. If we have to pay ordinary rates or anything like it, we cannot do much, but in this case, I am sure if the shipping people met us by giving a rate—even 10*s.* would be too much—I would like to have a trial made to see what we could get out of it.

6202. I understand that shipments are being made now?—Not from our district. I do not grow any for sale.

6203. The question does not arise with you?—Not with me, no.

6204. You speak of the rates for live-stock from the United Kingdom being very heavy, and you protest against such a heavy charge. "The rates all round "are far too high." I suppose you have seen a document showing rates on consignments from Canada and from Australia and Europe?—I read it in the paper. I knew it before. We all knew that ; we all knew that it would cost about £30 to import a horse from England.

6205. It is £28 8*s.*?—There are more expenses than that. Then we have to get it up here. We are charged £10 or £11 for taking it to Johannesburg.

6206. As compared, according to this statement, with £7 18*s.* 4*d.* from Canada?—Yes, the Canadians will send an animal over, all charges included, for about £8 ; and they do not ask whether it is a stallion or not—they do not care.

6207. I suppose these valuable horses from England want very careful handling?—Yes, they do, but if they are insured, is not that all right. The shipping company is supposed to give them ordinary care, the same as they would give to any other horse. If they are insured I do not see that they have anything to do with that. If they are killed through negligence, they are liable, notwithstanding the conditions on bills of lading, &c.

6208. It would be a more valuable animal?—I think it is wrong to go upon that. It is just the same to them with any other horse.

6209. You do not agree with making rather a high charge upon a higher value?—I do not, unless they pay insurance.

6210. I gather that, on articles of low value, such as mealies exported, you think the charge ought to be very low, indeed?—Yes, I do. That is in order to enable us to make a traffic which would not be in existence otherwise. But the horse is there, whether or no.

6211. You think in the case of mealies there is a chance of getting up a trade?—Of making a new trade.

6212. And the shipping companies should carry these mealies almost at a loss, if not quite at a loss?—I would not say at a loss ; but I would like to know what a loss is. I know what the actual cost is myself in railways, as near as can be got at, and I could make a very good guess at the ship's cost, too.

6213. Coming back to the cattle, you speak of them also. The full freight from England is £21?—Yes. I do not think that should be. Compare it with Canada.

6214. The Canadian cattle are carried at something over £5 10*s.* per head. But then there are 51 cattle as compared with that one bull?—The Castle Company has never made such a wide distinction as is implied by your remark.

6215. Does it not make a difference that 51 should go together instead of this one bull?—The rate does not say anything like that. I look upon the bull as a part of the 51. He is 52, that is all.

6216. He came from England. He came alone?—I think they are wrong. The other people send the one at a reasonable rate. That is what we complain of. We can get better bred animals from England in many cases than from America or these other places, but we are obliged to take them secondhand from Canada or America.

6217. You attach great importance to getting the best animals you possibly can for breeding?—Certainly.

6218. A great improvement has been made and a great deal more is required, is it not?—Yes.

6219. You have found out that it does not cost any more to feed a good animal than to feed a bad one?—Quite so. We always knew that.

6220. Some people did not always act upon it?—They did not think of it sometimes, but they always knew. It was always at the back of their mind. They are not such fools as many people take them for.

6221. Your point is, that everything should be done to encourage the import of good stock from England?—Yes, from that point of view, but I would take a wider point of view, and I would say it is a matter of business. The shipping company should not charge more than other people. They should take what they can get out of us fair and square, but should not be exacting like that.

6222. Then we come to sheep. I do not suppose that there is so much practical grievance there, because the sheep would naturally come from Australia, would they not?—Not necessarily ; they might come from Germany, for instance.

6223. Is it not the case that from a climatic point of view they suit you?—Yes.

6224. Naturally, you would not get many from England?—No, but we would import rams.

6225. At a charge of 1 to 5 head, £5 ; 6 head and upwards, £4 10*s.* each?—I think that is far too much. I always look upon one animal as the same as another to them, whether it is valuable or not.

6226 You do not recognise that for valuable animals there should be a higher charge?—No, not for carrying purposes.

6227. Sheep from Melbourne in large consignments of 1,000 head are brought over for 18*s.*?—Yes, all told.

6228. Does that include attendance?—Everything.

6229. With regard to "Are you aware of any pre-"ferences (secret or other) in the matter of rates "having been accorded to favoured merchants or im-"porters, which are not accorded to all?" you say, "Yes, I have always known that the rebates were "not the same to all." Have you known of cases of that?—I know quite well.

6230. Can you quote me one or give me any names that would identify any preferences of that sort?—The Governments all get it, and I have always known that, while I am not prepared to give names. I see Wernher, Beit, & Co.'s name from the paper. I did not know that Beit's people were in it, but I have no doubt it was true, because other people were.

6231. I do not think I need take you any further on that. We asked you, "Would it be practicable for "South African merchants to combine and charter ton-"nage in the open market for their consignments." You say, "No, only the Government of United South "Africa could do that for them." That I should think is a very fair answer. You think it would be very difficult?—It would not be easy at all. There is not that cohesion amongst the whole of them that is needed. You require something binding behind them.

6232. Then we come to, "What remedy, if any, do "you suggest?" You say, "All rates and rebates ques-"tions should be settled by an independent Board of "Arbitration; rebate money to be paid quarterly if "continued at all"?—I would rather see the rebate money done away with if it was not for the shipping companies' side of the question.

6233. How are they going to keep their business if they do not have rebates?—They cannot keep their customers. I think they should be as well able as any other company, or Shipping Line, to compete in the open market. I am quite sure they are as able as any other. It is quite different now from what it was 25 years ago.

6234. How is it different?—They have a much greater hold on the people here, and they hold the Government mail contract. That is of great value to them. It is an imprimatur that no other Line holds, and it goes for a great deal in the eyes of the people here.

6235. It gives them a prestige?—Yes, and they naturally go there. I know myself that with regard to the rebate troubles that we have had many people never heard of them, but in some cases people were shut out at home and could not get their goods other-wise, and they got them sent by some tramp steamer —the man was being rushed to send them and sent them by the wrong boat. Then down comes the thundercloud, and the rebate is wiped out.

6236. Do you think that has often happened?—It has happened. It should never happen.

6237. Not if a man ships by the opposition Line?—If he is not guilty, if he is not wilfully guilty of doing it, I would not worry my head about a small trifle. If an ignorant man did it without knowing, I would not trouble. There are plenty who would not know at all.

6238. (*Sir John Macdonell.*) Have you an instance of what you are describing?—I do not think I could give an actual instance.

6239. (*Chairman.*) You can give it to me confidentially if you like, if you know of any particular instance?—I have it somewhere, but I could not now give you an actual instance.

6240. This is only the general impression, and you think a very well-founded one, of cases that have occurred?—Yes, I know quite well that that is so, and that has created a prejudice against the shipping company, in a way, where it has been done harshly or unjustly.

6241. Your remedy is that there should be an independent Board of Arbitrators?—Yes.

6242. I suppose you have not considered much how these arbitrators should be appointed; whether they should sit in South Africa, or London, or generally what their powers should be?—I have. As to where they should reside, opinions are about equally divided. The interest of the shipping companies is there, and the interests of big merchants are all there too, only we have the people here who have to suffer, and we should have an equal number with those appointed on the other side. If we had that I think we could fairly depend upon them seeing fair play.

6243. Where would they sit?—It would not matter whether they sat in London or sat in Capetown or in Bloemfontein, in that case.

6244. Your representatives would have to go over to London, would they not?—Yes, it would cost us money.

6245. Who is going to pay that?—Well, then I would say they should sit here. That is the safest plan.

6246. Just as we have come over here to hear evidence?—Quite so. It is not the first time that shipping companies have come, and carried away a flag, too.

6247. (*Sir John Macdonell.*) You are the spokesman, as I understand, of the Executive of the Central Farmers' Union?—Yes.

6248. Of how many members does this Union consist?—The Executive consists of five. There are about 1,500 to 2,000 members.

6249. And, therefore, it includes a very large proportion of the farmers in the Colony?—Yes.

6250. So far as you are speaking the opinion of the Central Union, you believe you are expressing the opinion of the farmers generally?—Of the farmers of the Orange River Colony.

6251. With regard to the products of the district, I suppose, they consist of wool and mohair. Are there any other products that are exported?—Only trifles—skins, and so forth.

6251A. What is the ordinary course of dealing with wool, mohair, and skins. Does the farmer send them down on his own account?—He sends it to an agent who disposes of it for him.

6252. He puts it on board the railway, and it is received by his agent at Port Elizabeth and sold on commission?—Yes, sold on commission.

6253. And the proceeds are remitted to the farmer here?—Yes.

6254. He rarely, if at all, sends on his own account his produce to England or other parts?—He is a very big man, and a speculator besides, if he does anything of the kind. It is speculative because he has to take the risk of the market.

6255. Are there many who do so?—If you take the whole of South Africa——

6256. I am referring to this district?—No, there are not.

6257. In the ordinary course of business?—It is disposed of in Port Elizabeth.

6258. To a merchant who receives a commission?—Yes.

6259. Is it sold by public auction?—Yes, nine times out of ten.

6260. You are not merely a farmer, but you have been, as you say, engaged in railway management. What railway did you manage?—I was on the Cape Railways, and I was Manager of the Rhodesia Railways.

6261. You had considerable experience of that?—I had 45 years' experience.

6262. A very long time, if I may say so. In regulating the railway rates, is no account taken of the value of the articles despatched?—Yes, we considered what the article would bear. We would not charge the same rate for a bale of ostrich feathers, that might cost £2000, as compared with ordinary groceries, but there was very little difference after all. The shipping company does not come within 25 miles of it.

6263. I am looking at the principle which you applied?—We considered what was liable to damage. That was all we considered. We were liable for damage. We only tried to protect ourselves in that.

6264. Why should not the shipping companies, in charging for a valuable bull, damage to which they would be liable for, also take that into account?—They do not give any more trouble.

6265. I understood the thing you considered, so far as the railway is concerned, was liability to damage. Why should you not apply the same principle to shipping and consider the liability to damage there?—Our goods are never insured in transit. It is customary to insure shipping goods.

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6266. The insurance is a matter between the shipper and the insurance company. As between the shipper and the shipping company, the shipping company is liable?—For wilful negligence.

6267. We will not go into what kind of negligence, but at all events for certain forms of negligence he is liable. I only want to see whether you have had this presented to your mind, that in regulating your railway charges you take into account the railway's liability for damage, and that it may be suggested that in charging for a valuable bull more than for a less valuable cow they are only doing the same?—No, I do not think it is on the same lines. Take a case of paraffin, and carry it along with general goods. It is very dangerous, not in itself, but for what it may do to other things. If you shut up a bull, as you do, into a cage, he cannot hurt anything; he can only hurt himself, and if he is injured I say it is nothing to them.

6268. You have considered that point. Are you in favour of granting any kind of preferential rates or lower terms to Governments as compared with ordinary customers?—No, I cannot say I am.

6269. You think the Government should pay the same rate as other people?—Yes, and be treated the same as other people, but they never have been.

6270. That would apply to all kinds of articles which the Government might import—rails and sleepers and everything which they imported should be dealt with in exactly the same way?—Yes, but not at present rates.

6271. And you would apply the same principles to corporations or municipalities that are engaged in public works?—Yes. I do not see any reason why I should not.

6272. In railway practice a difference is made, is it not, as to Government goods?—Only in the construction of new lines or something like that.

6273. Are you sure about that?—Yes.

6274. At all events, your point is that everyone should be treated exactly the same?—Yes.

6275. You mentioned in one of your answers something about over-charge vouchers. What do you mean exactly by that?—Perhaps it is not intelligible to all. It is a railway term.

6276. You explain things so clearly that probably you could tell me what you mean?—Supposing there is a ton of goods coming from London, and it is charged £10, and there is a rebate of £2 on it; a voucher is made out on the original manifest, which says "Charge £12 should be £10, rebate allowed £2"; and that is certified and passed as money to the man who pays out the cash.

6277. I think I see what you mean. When you use the words "overcharge voucher," you take a phrase familiar to railway people and say that substantially that is a description of the rebate system?—Yes.

6278. In regard to your plan for developing traffic, let me see if I understand it. You would say, applying it first of all to railways, certain traffic would not be given to them if a purely mileage rate was charged?—It could not be done.

6279. And you say that railways in many cases find it advantageous, and are well advised to drop the mileage rate and to give for a special district or trade a low rate which brings a new traffic into existence?—A special rate—a rate which will pay, and which will enable the man who sent the traffic to live.

6280. How would you apply that to sea traffic?—I would apply it in exactly the same way. If I were manager of a shipping company and somebody came to me and said, "I can send this home. The price "that I can realise at home is so much; the cost is "so much here putting it on board ship. What rate "will you give me?" and he knows I can only earn a certain amount——

6281. Are you speaking of some totally new kind of traffic which the shipping companies have not had before?—That they have shut out.

6282. You do not mean that for wool or for hides a man in a particular district is to get far easier terms than a man shipping wool or hides in another district?—No, he could hardly get that. That is not exactly what I mean, although it is very desirable all the same because the man who is 1,000 miles away from the sea-board is in a very different position to the man who is on the sea-board.

6283. You are, first of all, thinking of traffic of a totally new kind. That is the first question you have in your mind. If, for example, someone says to the Shipping Conference, "I think I see my way to export "a particular kind of fruit, but you must give me a "very low rate to do it," then you think it would be wise on the part of the Shipping Conference to accept that offer?—If that was proved to me, I should say "Yes" at once.

6284. That is for a totally new kind of traffic. I do not quite see what you suggest should be done in regard to traffic that already exists?—The rates will bear a little revision there.

6285. Will you make your meaning a little clearer than it is? Supposing that a man 1,000 miles from the sea-board comes to the shipping company and says, "I want better terms for the shipping of my "wool than a man 300 miles from the coast." Would you say in that case the shipping companies would meet him and give him lower rates?—I would say that if a body of men in that country approached the Rates Board—I should say it would be for them to negotiate with the shipping company and with the railways and say, "Let us unite to "do so-and-so," if there were any money to be made out of it.

6286. You used certain words which make me ask another question. Do you think your suggestion could be carried out unless there was concerted and common action between the railway companies and the shipping companies?—No, I presume there would be that. There always is.

6287. That, you suppose, would be done?—Yes, I am sure, but there is this to say, the wool would be disposed of locally at a much less price than it would be under the new arrangement.

6288. I am not quite sure that I understand that; make that a little clearer?—At the present time, when a man is 1,000 miles away, he has got to sell his produce for what he can get. It does not bear so much up there as it does on the sea-board as rail and other charges are upon it, and there is not as much done as would be done. It can only be done in any sort of way in big lines—instead of a whole crowd of smaller people—who would add to this trade and who would develop it to an immense extent.

6289. As a railway man, you know the phrase "Tapering railway rates." It is something of that sort which you would apply?—I prefer a point to point rate.

6290. At all events, you would apply to sea freights in certain circumstances the principle which enterprising railway companies apply to new traffic which is capable of development?—Certainly—what it would bear. If it cannot pay, it is not in existence.

6291. Your suggestion is, that if this principle were applied to sea freights it would create certain new forms of traffic and immensely develop other forms?—That is so.

6292. I do not know whether I need ask you the question which has been suggested by an answer which you gave to my friend. You admit that the present system has some advantages?—I admit that.

6293. Do you attach much importance to regularity of sailings?—Yes, I do. That is, as far as passengers and mails are concerned. But I do not think it is of the same importance that goods should go home every week on a certain day.

6294. Taking the products in which you are most interested here—wool and mohair—is it of great importance?—Not to anybody like me who sells his stuff in Port Elizabeth.

6295. You will admit that to the merchant in Port Elizabeth, who has to catch his market, it may be of importance?—The buyers come out from home to buy it at Port Elizabeth.

6296. Is that so always?—Certainly. They are either men from home or they are men who are chartered to do it here.

6297. That is not quite the information we have had before us. Do you tell me that the buyers, in

the great majority of cases, actually come from England to Port Elizabeth?—Not in the great majority of cases, but they do come; and they appoint a certain man whom they can trust as buyer for them.

6298. Even if they do come, still it is important that there should be regular sailings?—Regular means of communication, but that regularity is more required for mails and passengers than for anything else.

6299. You do not, even as far as wool is concerned, attach much importance to it?—No, I do not.

6300. Do you attach much importance to fixity of rates?—Yes.

6301. You think that it would be well to have such?—Yes.

6302. Supposing that you had changes at short intervals in rates, do you think that would affect you, the producers of wool and mohair here?—It would affect us favourably in many cases—you mean other boats trying to get a share of the trade?

6303. Of course, such a case would occur, but I was putting a case where the rates would fluctuate considerably, going up high sometimes and falling low at others?—I do not like that. There is no security at all, especially to a merchant, who does not know what he is doing.

6304. Looking at it from the point of view of the seller of the produce here further from the coast than these towns of which you have been speaking, do you think it would affect him?—Not materially. That is, so long as he could depend upon getting it; if he did not get it by this boat he would get it by the next; he would, as a matter of fact, if the market were open now.

6305. If the rates on shipping of wool fell considerably, is not there a probability that he would get a somewhat larger price at Port Elizabeth?—Yes.

6306. On the other hand, if they happened to rise unexpectedly he would probably lose a little?—He would soon know that.

6307. You are decidedly of opinion that the present rates affect the cost of living unfavourably?—Yes, they do; I think they are too high, speaking as a whole.

6308. You candidly said that you were not prepared at the present moment to go into details with respect to particular articles?—No, I am not. You see, I have been called here at a moment's notice; I have got to depend upon myself.

6309. I am not surprised that you give such an answer. You simply say you have not looked into it, and you have not had an opportunity of looking into it?—I have not had an opportunity recently.

6310. With regard to agricultural machinery, I suppose, speaking broadly, the American machinery—ploughs and reapers and other things—has, at all events until lately, been somewhat better adapted to the wants of the people here than the English—money for money?—I would not like to say "Yes" to that. The difference is so much in the price. It is more in the price than the article.

6311. Given the fact that the farmer has made up his mind that he is going to spend so much money for a plough or a reaper, and assume that he has made up his mind to spend a small amount?—He never makes up his mind that he is going to do any such thing—he looks at an article and says, "This will do "me for the time being, and it is £2 cheaper; I will "have it." The merchant, of course, who is a friend of his, tells him that that is the best thing going, and he goes and tries it. Perhaps he finds it breaks down or does not last as long as the other, and after all he is not better off, but he has the thing and tries it and tries something else.

6312. He generally prefers the cheaper article?—Because it is less money, and looks less money at the time.

6313. It may turn out to be the dearer?—Yes, it might. But I think the English goods could be sold here to a much larger extent provided they were on all fours with the American.

6314. Are you sure that at the present time they are not on all fours? You have not looked into that?—No.

6315. You are speaking of some time ago?—I think I am safe in saying I am right.

6316. To-day?—Now—to-day. I still read the newspapers, you know; and, although I have not come in contact——

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6317. Have you asked lately for a quotation?—No, I have not.

6318. I am not putting it against you because, as you say, you have not asked for a quotation, but we have had these quotations given us quite lately: agricultural implements, English, 30*s.*; American, 33*s.* 9*d.*?—Are these shipping rates?

6319. Yes?—Well, I did not know that.

6320. You are only speaking from your actual experience. I did not assume that you would know that?—I did not know that, and it is time that was remedied, too. The Americans are always ready to undercut us whenever they know of anything like that.

6321. Just a word or two about your scheme of a Board which is to settle various matters. You, I think, candidly say you have not made up your mind as to where that Board should sit?—I say, here.

6322. You say the balance of advantages is in favour of sitting here?—Yes—here in Bloemfontein. It is the centre of South Africa.

6323. What exactly is this Board to do?—I should say that the Board should deal with all rates. No rates should be either raised or lowered, without the consent of such Board, by the shipping companies themselves; they should not have the power. Once a rate is fixed and agreed upon, then it should stand until an alteration of it is agreed to by the Board, which has an impersonal interest in the concern.

6324. Are the shipping companies to be compelled to accept these rates?—I think so. If they take the Government subsidy they should be prepared to give something.

6325. Supposing that was the case, and some competing Lines come in and undercut them?—If they have their customers—I am not cutting the rebates out; I am giving them the rebates.

6326. You suggest the rebate should be retained?—The rebate should remain, but it should be in reason. It should be something simply to retain them, and it should be paid quarterly.

6327. I am only helping you to develop your thought. The Board is to sit in Bloemfontein; it is to consider whether the rate is a reasonable rate; it is not to interfere with the rebate except under peculiar circumstances?—I would say the rates are in existence now; but I would say when they have been gone over and mutually considered what is right—when once that is arrived at—no rate should be altered unless and until all parties are agreed. A decision is given by this Board. Then it would go on, and if somebody goes outside the Ring and sends some parcel or other by a tramp boat, if it is proved to the satisfaction of the Board that they did it unwittingly, they should be forgiven, and the rebate paid as usual; but if they have done it of malice aforethought, then I would forfeit the rebate and make them pay the penalty.

6328. You would have this tribunal revising and settling from time to time the rates, and you would retain the rebate system, subject to this, that when a breach of the contract had been made unwittingly, the party who had done so should not suffer?—The Board ought to have the power to deal with rates and to deal with rebates. That is exactly what I mean. Of course, the rates are all in existence now; and if they are agreed to as being fair and square, then whatever alteration is made afterwards is only to be made with the consent of the arbitrators.

6329. You mentioned to my friend about your knowing consignments having been sent from South Africa at a rate as low as 2*s.* 6*d.*?—I think you will have no difficulty in finding cases of that kind in Cape Town.

6330. Would you have difficulty in now naming the particulars of such a case?—I have lots of old papers about me, but I cannot speak from memory. I only know that it was not an uncommon thing for a ship to take anything at any price if it would pay her for the cost of putting it aboard.

6331. Are you speaking of things which happened during the last five years?—No. I have been away from it all.

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6332. Perhaps, not during the last 10 years?—So far as I know, it has never been stopped, and I do not think it will ever stop.

6333. Do you suggest it is done to-day?—It may be done to-day. I do not know of anything that can alter that. A ship comes out; she has to pay for putting ballast on board——

6334. She may take in water ballast?—They cannot all take water ballast. Suppose she has to take stones or dirt of some kind, she pays not less than 1s. a ton for doing that.

6335. Do you know of an instance of that kind which has occurred within the last three years?—I cannot give you a concrete instance at all.

6336. (*Chairman.*) With regard to the American and English implements, are you of opinion that the English ploughs are not so well pushed as they might be, as compared with the American?—Yes. You see, they are dearer.

6337. I do not refer to the question whether they are dear or cheap—I mean by the agents who come out here and see the particular sort of plough that would be of use?—I think they think the market is practically worthless; it is not worth while bursting their boiler over it. The Americans have got the field and they keep it, to a large extent, but there are always English ploughs here—you can get them—that are simply imported stock.

6338. Not from Germany?—Not that I know of.

Mr. Walter Whittal, examined.

Mr. W. Whittal.

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6339. (*Chairman.*) Whom do you represent, Mr. Whittal?—The Farmers' Union.

6340. Is that the body which we have heard of this morning?—Yes.

6341. With about 1,500 to 2,000 members?—Yes.

6342. Are you deputed by them to give evidence here?—No, I have not been deputed by them because there was not time, but I was for three years President of that Association, and now I am a Vice-President, and, of course, this meeting was held at short notice and we have to do the best we can. I was requested to come and give evidence.

6343. The short notice is not our fault. We gave longer notice. What particular evidence do you propose to give?—I have no written statement.

6344. Have you seen the questions which we have addressed to witnesses?—Yes.

6345. Could you give your evidence in the form of answers to these questions?—Yes. In some cases I can give evidence and in some cases I do not know much about it.

6346. We will skip those cases. With regard to the documents by which the rebate system is worked, I suppose that is not of much interest to you?—That I know absolutely nothing about.

6347. The next question is with regard to the merchants in South Africa getting the benefit of the rebate. I suppose you have not been concerned in that much?—No. I understand how it affects farmers, that is all.

6348. Your evidence will be from the farmer's point of view?—Exactly.

6349. With regard to the forfeiture of rebates. I do not think that will affect you much?—No.

6350. When we come to No. 4, "What objections, if "any, have you (*a*) to the system of Rings or Conferences; (*b*) to the system of deferred rebates? Do "you consider that these objections outweigh any "advantages which are to be derived from the system "of Rings or Conferences and the system of deferred "rebates?" I daresay you will have something to tell us?—Our point of view is this, that the system of rebates is simply to keep up the rates to a high level. The rebate system does not, as far as I can see, benefit anybody except the shipping companies.

6351. It is to keep their customers?—Yes. To use a common phrase, they have got them by the wool.

6352. You think it is a high level of rates?—I do.

6353. What are your grounds for thinking that the rates are excessive?—They do not compare very favourably with the rates from other places, say America, or Germany.

6354. I do not know whether you heard the last witness give evidence. We discussed the case of the rates on one or two articles, and showed there was very little difference between the rates?—Yes, I heard that. I did not know that before.

6355. You have not any particular evidence as to rates on ploughs and on agricultural implements?—No, I do not know much about that.

6356. It is a matter of common report that years ago the rates from America were lower than from here?—Yes.

6357. You object to the system by which the customers are tied to the shipping company?—Exactly. The system is a bad one.

6358. Do you think that this system has had the effect of diverting trade from the United Kingdom to the United States and Germany?—Undoubtedly it has, to a certain extent.

6359. I would like to ask you, with regard to these things you know much about, that is, with regard to the articles used by farmers, agricultural implements and staple articles of consumption?—I have not considered agricultural implements so much, because, after all, I think they stand on their merits, and although American machinery is very largely used in South Africa in my business, it is because it is better adapted to the requirements.

6360. You cannot think of any articles of consumption that are largely used that come more now from America and from Germany than they used to do, owing to the cost of bringing them here being less?—Of course, our feeling is, that we should like to deal with the Mother Country. We come from there and we like our trade to go there. But in some cases the shipping rates do interfere with trade. For instance, on stock. Some little time ago, my son and I wanted to import a number of pedigree shorthorn cattle from England, from the great prize winner in the milking competition, John Evans, and I noticed here that the price to Government of importing a bull was 20 guineas. The price to me was 27 guineas.

6361. (*Sir John Macdonell.*) The actual price?—Yes.

6362. (*Chairman.*) That is even worse than this statement which I have here, which quotes the bull freight from England as £21?—That is what they charged the Government, but the Government get the preference. The price to me was 27 guineas.

6363. (*Sir John Macdonell.*) Exclusive of railway charges?—That was freight, and the bull and these little heifers were to cost me in charges, between Evans and ourselves, £38 odd each. We could not touch it.

6364. (*Chairman.*) What did you do?—We did not import anything. Of course, we could have imported from Canada very much cheaper, but we wanted English cattle. We wanted tip-top stuff.

6365. Did you try to get a lower rate?—No, I simply got quotations. I did not think it much use trying to get a lower rate.

6366. You did not get your Union to make representations?—No.

6367. Do not you think it would have been a good thing if you had?—It might have done some good, but I have read very carefully how the mercantile community, whose business it is to tackle the shipping company to try and get concessions, tried, and I find they have a lot of trouble and get nothing; so we did not bother.

6368. You think there would be a considerable market for first-rate pedigree stock here?—We want to improve the stock and we cannot get the best. If you want to get shorthorn cattle you must go to England. I have seen a lot of shorthorns imported from Canada and Australia, and I do not want them. I want the very best or none at all.

6369. You are increasing your herds enormously?—Yes, we recognise to-day that we must have the very

best. Holdings are getting smaller and methods are changing every day, and we have to feed the cattle. You might as well feed a good cow as a bad one.

6370. How has this large increase of cattle been brought about? Have you got them from the neighbouring Colonies?—No.

6371. Have you been breeding a large number these last two years?—Not more than usual. We are always getting an increase; the herd gets larger. We cannot keep too many. We sell them. We have to keep the best.

6372. I suppose a large number of farms have been re-stocked in the last few years?—Yes. I had not got to re-stock. I came here from the Cape Colony and brought my stock with me.

6373. For the improvement of the stock you attach the greatest importance to getting a more reasonable rate from England?—Yes. I consider that rate prohibitive. I could get pedigree shorthorn heifers for 20 guineas in England; they cost me £38 delivered here.

6374. You could buy pedigree shorthorn stock for that?—Yes, a yearling heifer.

6375. What could you get a bull for?—From 50 to 150 guineas. We proposed to import a bull at that time for 80 guineas.

6376. And the freight would have brought the cost up by——?—Another £38. That would be £118 at East London; and then I would have the railway rate up here.

6377. As regards sheep, you would not import sheep from England?—I have imported sheep from England.

6378. There have been very large imports by Government from Australia?—Yes. That has been a large thing; but we imported sheep from England for crossing purposes, and more of that would be done but it is too expensive. You can get the sheep cheap enough. Of course, we have not only to consider the freights; we have to consider the railway carriage also, and the two things make it prohibitive.

6379. How far are you from the nearest port?—About 400 miles.

6380. Port Elizabeth?—No; East London is the nearest port. I imported all my stock through East London.

6381. What would you pay for bringing a bull from East London or bringing Friesland cattle from East London?—About £6, I think. I am not quite sure about it. For instance, you have one method up to the Orange River Colony, and you have another when you come this side of the river. At the other end you pay by the truck; at this end you pay in a different way.

6382. From your point of view you consider the rates of freight are excessive?—Yes, I do, and especially on live stock.

6383. "Are you aware of any preference (secret or "otherwise) in the matter of rates having been ac- "corded to favoured merchants or importers, which are "not accorded to all?" I think you mentioned that the Government got a cheaper rate?—Yes, they do; and it seems to me the preference to them is about 25 per cent. They pay £21; I have to pay 27 guineas.

6384. Do you think the Government ought to have a preference?—Certainly not. I do not see why they should.

6385. The Government represents everybody?—That is true, but I do not see why you should not have a rate and allow everybody to come on it. I do not see why the Government should have a preference. Anyhow, it seems to me it is proof positive that the shipping companies are charging a higher rate than they can carry for. They charge a certain rate, and then they allow a rebate of 10 per cent. It seems to follow that they could fix the rates 10 per cent. lower if they liked.

6386. Do you refer to the rebate to the Government?—No, the general rebate. Then in the case of the Government it is over 20 per cent.

6387. That is under a contract?—I do not know whether they have a contract.

6388. Perhaps you would not be surprised to hear that that is so; that it is under a contract with the Government that most goods are taken at a lower rate?—I do not think the shipping company is prepared to carry for the Government at a loss. They must make something out of it even at that price.

6389. Therefore you think that on other consignments, small and large, they make a bigger profit?—Certainly, I think so.

6390. Then it is a certain large quantity which they get from the Government under their contract?—Anyhow, these rebates do not benefit us farmers a little bit. I take it that the merchant gets his stuff out here; when it is laid down he calculates first of all the first cost, the freight and the carriage, so that the thing costs so much laid down at his store, and he puts on his profit. We pay the full rate. The rebate does not affect us at all. That is only common sense. I do not blame the merchants. I think they would be foolish if they went tinkering with the rebate, because they may not get it. We farmers do not get any rebate on the wool.

6391. You get a price for the wool, and the lower the freight the better the price?—In the Cape Colony I shipped all my wool direct. I never got any rebate. I did not know that the system was in vogue then. Since I have been in this Colony I have imported all my household furniture from London. I got no rebate. I wrote to the agent about it. He said, "In "15 months you may hear something about it."

6392. Did you not hear?—No, I never got a penny.

6393. That is a case of hardship?—It was not worth months of correspondence to get it.

6394. What was the amount?—I think I paid something like £35 for freight.

6395. I suppose you were entitled to 10 per cent. on that?—10 per cent. on that.

6396. You did not press the matter very much?—I did not press it. I told them I expected to get my rebate. They said it would be paid at the office in London, and I suppose Oetzmann's got that.

6397. You should have applied to London, should you not?—A farmer has many things to engage his attention, and he lets these things slip.

6398. You thought it a troublesome matter, and you did not bother about it?—Quite so.

6399. Then we ask, "Would it be practicable for "South African merchants to combine and charter "tonnage in the open market for their consignments?" I do not suppose you have any experience which would enable you to answer that question?—I do not think they could, because they would lose their rebate. That is the idea of the rebates, so that they cannot do that sort of thing.

6400. From another point of view, if they are prepared to lose their rebates they would have to combine together and do the business of the shipowners?—Yes. I do not think that is very feasible. It does seem to me very funny that the whole of South Africa cannot combine and get their work done by tender.

6401. You think that the Governments should combine?—Yes, and call for tenders. Then, of course, there would be no objection to the present shipowners doing the carrying trade, but we should know where we are. We do not know now. It seems to us that we are being "had," and the rebate system makes you feel that you are being "had."

6402. You think that the Governments, with the large tonnage which they have, might combine?—Yes, and call for tenders for the carrying trade for so many years.

6403. Make a contract on behalf of themselves and on behalf of all the merchants who wanted to use the ships at reasonable rates, and the Governments would not get the benefit of any lower rates. That you think would be fair?—I think that would be quite fair. Then you know what you have to do, and there is no question about rebates and a lot of correspondence and botheration afterwards.

6404. You would still keep your rebates, would you not, or would you insist on the system being abolished?—I think it should be abolished altogether.

6405. What hold would the shipping companies then have over merchants who desired to employ tramp tonnage if they heard of a tramp which would convey

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their goods cheaper?—The Government should fix the rate, and they should protect the shipping company.

6406. How could they secure that the shipping company that had given a reasonable rate and was entitled to have the whole business—how could they secure that tramps did not come in and take the cream of the business?—We have had an instance of how things have been levelled up in the Orange River Colony. Supposing that the rate was 20*s.* on a certain class of goods, and they got a tramp to do it for 15*s.*, then the Government charges 2*s.* more to level it up.

6407. Levy it as a rate at the port?—Yes.

6408. That would be rather difficult in practice, would it not?—It is done as regards railway rates.

6409. You mean the countervailing rate which has been put on lately?—Yes.

6410. In respect of the Natal difference?—Yes.

6411. Did you ever think of having any committee to decide cases in dispute in working this system?—I have seen it suggested that there should be a Board in London. I think the idea is very good.

6412. Not out here?—No, in London. That is where the stuff comes from. I think it should be there, where you have the Agents-General.

6413. Very often the material facts would have occurred out here, and there would be a difficulty in getting your witnesses home, would there not?—In that case there would not be very much difficulty in taking evidence out here. You might have a Board here as well.

6414. It means a good deal of expense, does it not?—That would mean expense, but if your Board in London consisted of the Agents-General, it should not be so very expensive.

6415. (*Sir John Macdonell.*) You said, in answer to my friend, that holdings were getting smaller. That is the case?—Yes.

6416. Is there a very marked change?—Of recent years.

6417. Then you went on to say, it was important for the farming communities to keep the very best stock?—Yes.

6418. Is that a consequence of the holdings becoming smaller?—Yes, I think so; because in the old days, of course, a man had a great extent of country, and he kept the cattle and the sheep that gave him the least trouble. They used to run in hundreds. To-day we are getting a better class of cattle and looking to make a profit out of dairying more than to selling the young oxen for transport purposes. There is no more transport for cattle to do in this country, so that those cattle are not very much desired now. What you want is an animal that you can make some money out of.

6419. In short, there is a change going on throughout the Colony in farming, and the general effect of that change is to make the quality of animals more important than it was?—Exactly. Up to a certain period, large tracts of land did nothing but run great numbers of cattle—400 or 500 head. The farmer sold off his young oxen, and these went to carry the goods and distribute them through the country; they sold their young oxen to transport riders and carriers—there are no carriers to-day; they have gone; consequently, all these young oxen are not much good. Now we want to produce dairy cattle.

6420. So that the effect of the reduction of the size of farms and the introduction, extensively, of railways has led to a change in the style of farming?—Exactly. All these carriers that used to be making their living on the road have gone farming. We are getting a little crowded up now.

6421. You want cattle to fatten, and cows that will be useful for dairy purposes?—Yes.

6422. The consequence is, in your view, that at this particular time in the farming of the Orange River Colony it is of extreme importance that there should be low rates for animals of high grade?—Exactly.

6423. Have the railway companies met you to any extent in regard to that?—No, I am sorry to say. We have been ding-donging at the railways, but we have not effected very much. I cannot say they have not met us. We have certainly got what we call a "farmer's tariff" on the railways.

6424. You, as farmers, have felt this matter to be so urgent that you have made applications to the railway companies for a reduction of the rates?—Yes, generally, through the Farmers' Congress.

6425. You mentioned, in regard to the furniture which you imported, that for several reasons you did not actually get the small rebate to which you were entitled. Are you of opinion that the same thing happens very often to importers of small consignments?—I have not the least doubt that it does. I could not quote you a case, but I have heard of its happening. With small importers it seems to me probable the rebates are paid, but they are paid to the London shippers.

6426. And the importer does not think it worth his while to press for the matter?—Perhaps he does not know of it.

6427. You think some of them do not know their rights?—I think so. I have discovered in every case the rebate is paid to the shipper in England. If he sent it along it would be all right, and men who have a good sum to receive look after it and get it, but a small man might write about it, and they would say, "It is our perquisite." He, not being prepared to fight the case, leaves it.

6428. Your impression is that in a considerable number of instances the small importer does not get the rebate?—Quite so.

6429. The last witness described to us the course of business in regard to the sale of wool by the farmers. You heard his description of the course of business?—Yes.

6430. Does that agree with your experience? He told us in effect that the farmer as a rule sold his wool and his mohair to a merchant in Port Elizabeth or some of the coast towns?—Yes.

6431. He did not export it directly to England?—No, I have not exported any direct since I have been here. As a rule, they do not. They sell it in the Colony. I do not think they are wise, but that is what they are doing.

6432. I am only asking you what is the usual course of business. The merchant in Port Elizabeth sells it on behalf of the farmer here?—Yes.

6433. And gets a commission for it?—Yes.

6434. You stated that you would suggest that in some way or another the shipping companies, under the scheme which you have stated, should be protected. I am not quite sure that I understand even now how they are to be protected?—I say, if the South African Governments combine, and call for tenders for the carrying of merchandise to South Africa, and a tender is accepted, which I should think should be for a number of years, then, supposing you get a pretty low rate fixed, I certainly think they should protect that successful tenderer.

6435. Do you mean that they would not allow a tramp that offered to take the goods at 5*s.* less to put the cargo on board?—I think they should not allow him to.

6436. You go as far as that?—Yes.

6437. Do you think that would be generally advantageous?—I think it would be advantageous in this way. There is no doubt it is a great advantage to know what the rates are. That is one of the advantages you enjoy under the present system.

6438. You quite recognise that?—Yes. We recognise that that is an advantage, although recently, without reference to anybody, I believe the rates have been altered by the shipowners—not very much, but they have been altered. It has upset business a little and it was the cause of this question of countervailing rates in the Orange River Colony. Anyhow, we have pretty well-known what the rates are.

6439. You think that is of extreme importance?—I do think it is of great importance.

6440. And that any change which is made in the system should be a change which should maintain the stability of rates?—I do not think, when a company

has been induced to tender for the carrying trade of South Africa, that we should allow some people to come and snatch all the cargo away from it and let us suffer. We do not want a war of rates.

6441. When you say, "allow him to come," you really mean what you say, that he should actually be prevented from taking that particular cargo at a lower rate?—Yes, I think so.

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• (*Chairman.*) This concludes the evidence we are taking here. Before we go, I should like to say we are very pleased to have seen your beautiful town and to have had this evidence, which, I consider, has been very instructive, because it touches interests which are distinct in many ways from the ports we have visited and from the great mining centres.

SEVENTEENTH DAY.

General Post Office,
Cape Town,
Wednesday, October 2nd, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

(*Chairman.*) In commencing the proceedings here, as we have already sat in two of the towns of this Colony besides in three other places and the proceedings have been reported in all the newspapers, I think it will not be necessary to read the terms of reference of the Royal Commission nor yet the letter from the Colonial Office instructing us to take evidence out here. I regret that the third member of our body, Mr. Birchenough, has not been with us during the course of the enquiry, nor will he be with us here. I will now ask Mr. Jagger if he will be so good as to give evidence.

Mr. JOHN WILLIAM JAGGER, M.L.A., examined.

6442. (*Chairman.*) I think you have been for some years a member of the Assembly here?—Yes—the last five years.

6443. You have also had great experience in connection with sea freights in your business?—Yes. I have been 25 years in business.

6444. You are a member of the Council of the Chamber of Commerce?—Yes.

6445. You are aware that the Chamber have put in answers to certain questions which we addressed to them, as to which they do not propose they should be represented personally. May I take it from you that these answers were agreed to by the large majority present at the meeting?—Yes. I can put in the Minutes of that meeting. (*Handing in Minutes.*)

6445A. Does it say who were present?—Yes, it gives all particulars. You will see there was no dissent.

6446. There was no dissent; there was no division taken?—No.

6447. What I propose to do is to go through this document, not reading it, but simply taking it as the framework of the evidence which you will give and asking questions upon it. I am sure you understand that what we have particularly come out for is statements of fact which will lead us to the different advantages and disadvantages of this system, and we do not very much care about opinions and feelings. There may be strong opinions on these questions of fact, but the great thing is that the facts laid before us should be brought up as far as passible to the present time, because, as you understand, things move very quickly in South Africa on this question?—Yes; quite so.

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6448. You have the report before you?—Yes.

6449. The first question is about the documents. Turning to page 2, I do not think there is very much there we need ask you, because we have had this evidence before us at a good many places. But, with regard to the last sentence in the reply of page 2, the Chamber says, "Some shippers are, however, unaware "that any rebate is payable, and your Chamber "therefore recommend that notice be made in the bill "of lading." Who are these shippers? Are they small shippers?—They could only be very small shippers indeed, and very few. Of course, the matter has been so much discussed in South Africa during the last thirteen years that there would be very few men of business who are not aware of the fact. Still, it would be an advantage if it were stamped upon the bill of lading or the freight note that a rebate was given. Everybody would know then.

6450. Have you known many cases in which the small importer does not get his rebate paid over?—Of course, that is entirely a matter of arrangement, as a matter of fact, with his shipper in London. I should say as a rule the big bulk of the rebates are paid over. With the smaller men it is entirely a matter of arrangement between the agent in London and the man on this side. Sometimes they take half. I have known two cases where the shipper in London will take half the rebate, but, of course, it is done with the cognisance and the knowledge and the agreement of the importer on this side.

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6451. We have been told by one or two witnesses that there are cases in which there is a small rebate due of 10 per cent., probably amounting to £2 or £3. Somebody up-country knows he is entitled to that and does not get it, and he has to go without it. He does not get it from the shipper in London?—There may be such cases. I am only speaking more for the larger man in Cape Town.

6452. You would not have these cases before you?—No.

6453. Then we come to the question of forfeiting rebates. There you refer to the Houston time. Then you come to Question 4——?—I can give you some information there with reference to Question 3. I have a list before me of half a dozen firms who forfeited the rebate. Of course, as you know, I forfeited mine. Mine at the time would, I dare say, amount to a couple of thousand pounds. There were several other firms, like B. Lawrence & Co. and Wilson, Sons, & Co., also large firms here, who also forfeited their rebates, and there are others as well, Those, of course, have never been able to get them back, and I do not suppose we shall.

6454. I suppose in many cases they made very good bargains by forfeiting their rebates?—Yes, but I want to point out that they take all other means they can to penalise us. I have before me a freight note of the "Armadale Castle," in which they are charging me 10*s.* a ton extra for anything I get out by mail steamers.

6455. What is the date of that?—14th September. That has been continued ever since I joined Houston. Of course, I take care to get just about as little by the mail steamers as I possibly can.

6456. Your contract does not include the mail steamers?—No; and I would like to point out another thing in connection with that, that under German law that would be illegal. I have an account here of the German shipping law, which points out a case.

6457. (*Sir John Macdonell.*) What are you quoting from?—An article in the "Political Science Quarterly," of March, 1905.

6458. Written by whom?—Written by Francis Walker.

6459. What is the date of that?—March, 1905. He discusses a great deal with reference to Shipping Combinations and Combinations generally. "The other "article of the civil code (826) cited above might have "some application to the malpractices of cartells, but "not to their legal existence. A case came up recently "wherein a steamship line tried to force a competing "line out of a certain trade by refusing to take freight "at the ordinary rates from one of its larger shippers "if he continued to patronise the competing line. "The injured shipper brought suit to compel the "steamship line to desist from such action. The claim "of the plaintiff was sustained in the court of first "instance, denied on appeal, but again sustained in "the Imperial Court."

6460. It is only right to say that we have had evidence on this point by an eminent German lawyer quite lately, and his evidence is not quite to that effect?—Is that so?

6461. (*Chairman.*) No; there seems to be some doubt about it?—I only mention that because it appears to be very analogous to ours.

6462. (*Sir John Macdonell.*) The actual text of this case was referred to by this German lawyer, and later cases, too?—I would like to point out another thing—that is, other pressure that has been brought to bear upon merchants who have forfeited the rebates. It is stated in Mr. Garland Soper's evidence that the only threats made to agents in England in cases where one client, out of several shipped by Houston, that the rebates due to all the agents' clients would be forfeited were only made by clerks. I can give a specific case where it was made by Sir Francis Evans in Donald Currie's office. A firm which is agent in London for two or three big firms here, was compelled to cable out to his clients—it was R. Wilson, Son, & Co.—saying that he could not execute their indents, and asked for instructions to whom to hand over the indents in hand. In consequence, that firm have lost Wilson's business altogether.

6463. (*Chairman.*) What is the date of that?—That took place at the end of 1902. Then I want to point out another case also. Here I have a letter from an importer who says, "Some three or four years ago "some orders given to the representative of a French "firm were by error shipped direct to us through an "outside steamer. We received a letter from the "Union Castle Company, I fancy before the amalga- "mation, saying that they had notice of the shipment "and threatening forfeiture of all rebates due to us." As a matter of fact, these people had to send a very humble apology to the shipping companies, and then they were graciously inclined to accept the apology, and there the matter ended. Though the shipping companies retired from the position they originally took up, that of one client out of several for whom a firm was agent shipped by opposition steamers, all the rebates due to all the clients out of that firm were forfeited, had they had the power they would have enforced it. I know another case—a case I was connected with—where the Harbour Board made a special arrangement with Houstons for freight, and some threats were, I believe, held out to the Board's agents in London that all their rebates would be forfeited. Then I have another case, which has been given to me by a firm in town, of which I have the full particulars. I can hand those in to you.

6464. Is that a recent case?—These were all at the time of the Houston competition.

6465–66. I should like it still more if you could give us any recent cases either of threats made or of threats carried out to forfeit rebates?—I can give you a similar case to that.

6467. This is not a rebate; this is a case of charging you 10*s.* extra?—Yes. I know a firm in this city who sent a shipment of milk by the mail steamer; the Castle Company refused to take it except at an excessive rate.

6468. You have not any record of the case, have you?—This is only what the parties tell me. There is no question about the fact. I can give you the names.

6469. We have not had many cases in which either the rebates have been forfeited or even fines levied?—I only just mention these to show you the oppressive way in which the Conference acts.

6470. In this case the amount I see is only £6 19*s.* 1*d.* I do not suppose you do much business through the mail steamer?—Naturally, but I only want to show the differential treatment to which I am subjected.

6471. How long is your contract for?—It expires at the end of the year. I have had it for five years.

6472. You have not done so very badly. This £6 19*s.* 1*d.*——?—That is not the only case; every importer who shipped by Houston is subjected to the same treatment.

6473. If you take the debit and the credit, I do not suppose you have done badly, have you, Mr. Jagger?—I have got along all right. Of course, there is the case which was cabled to the local papers the other day, "Maclay, a Glasgow shipowner"——

6474. I do not think we will trouble you with that; we have had the communications from Maclay. Is there any recent case of a fine being levied—the difference between the freight charge by the competing line and the freight which would have been paid by the Conference Line. Have you any case of that sort?—Yes. That I come to later on.

6475. Instead of making a man forfeit his rebates he has to pay a fine, and the amount of this fine is the difference between the freight which he has paid to a tramp, or competing line, and the freight he ought to have paid to the Conference Line?—No, I have no case of that sort. All these cases took place when Houston was trying to force his way in. I do not know of any recent case myself.

6476. As far as possible, we will try and stick to the order of these questions. We come now to the objections. Question 4, "What objections have you to the "system of Rings or Conferences, and the system of "deferred rebates." Then we ask whether these objections outweigh any advantages. There is a long answer here, on which I shall have one or two questions?—At first, I would like to say that the present system places the importer and the trade of this country entirely in the hands of a small group

of men. They can practically say—at any rate, as far as British trade is concerned—what ships shall bring cargo to this port and what shall not; and further, they can state what rates of freight shall be charged. In proof of that, I would like to point out what has been done recently in this port. Owing to the fact that Table Bay Harbour Board, during the last five years, has spent something like £1,285,000 in improving the docks, the total annual interest on capital, which for 1899 was £62,000, is now £116,000, and the trade of the port having gone back to what it was in 1898, naturally, the Harbour Board found themselves short of revenue, and had to look round for increased revenue. Some time ago they put up the rates of dock dues on the more valuable classes of goods imported. Here the rates are based on *ad valorem* basis. I do not think you will find any port in the world, outside South Africa, where they are on a similar basis. Here we pay $\frac{5}{8}$ths per cent. on the value of the goods and 1*s.* a ton. That works out at an average on half-a-year's shipments of soft goods at 15*s.* 7*d.* per cent. In 1898, or rather prior to 1902, we only paid $\frac{3}{8}$ths per cent; now we are paying $\frac{5}{8}$ths. When the shipping were called upon to pay their share towards the increased revenue, they said, "No, we will "not pay anything at all," they have surcharged the importers for the increased dock dues levied on their ships, as you will see from the shipping note which I will put in. (*Handing in document.*) I might further explain that in 1902 we re-organised the system of charging dock dues on ships in this port. Prior to that year we had a charge of 6*d.* per ton and they could stay in dock for 21 days; we were then pressed for space in the dock. It was during the war time, and ships had to wait sometimes three months in the Bay before they could come into dock. We devised a system which would give a premium to the ships that discharged quickly, and, consequently, we instituted this: We charged them a penny per ton on the gross registered tonnage of the ship, so that the ship staying in dock only two days paid very little, indeed, and the ship that stayed longer paid more. In other words, it was a premium for the quick discharge of the ship. That worked all right in those days when we wanted every foot of space we could get. Now, it works out, and has worked out very much to the detriment of the Board, because ships are paying considerably less now than what they did prior to this alteration. I have the case of the "Armadale Castle" here. Her gross tonnage is 12,973 tons, and, under the old system would pay £296 in dock dues; under the new system she is paying to-day £148, thus saving £147.

6477. Do you say she only pays half?—Practically, half, owing to quick discharge. That is the case right through. I have here a statement which has been sent me by the Board, under which mail steamers used to pay in 1898 27·3*d.* per ton of cargo landed. They paid under the new system 17·6*d.* per ton of cargo landed. Take the intermediate steamers. They paid, under the old system, 1*s.* 5·7*d.* for every ton of cargo landed; under the new system they paid 9·6*d.* On the other hand, on the Clan boats, which stay here a long time —eight days, perhaps—it worked out considerably more. It worked out to the detriment of the Clan steamers. The Union-Castle Company especially benefit, and Bucknalls, to some extent.

6478. Your point is that there has been a considerable decrease in what the Conference Lines have to pay as harbour dues?—Exactly, with the exception of the Clan boats.

6479. (*Sir John Macdonell.*) Why that exception?—Because those boats stay a long while in dock. Take the mail steamers, they stop two days. The Clan boats, bringing heavy, rough cargo, stay six to eight days. I want to point out, further, that though the Harbour Board here put up the rates on shipping from the 1st July last, even then they are in no worse position than they were in 1898. They have had the benefit of all this expenditure on dock equipment and increased facilities, and now we only ask them to pay something towards the cost of these facilities.

6480. (*Chairman.*) And will be 25 per cent. worse?—Not quite 25 per cent. I think the Harbour Board make some reduction after six days.

6481. Can you put up the rates charged by the Harbour Board as you like?—They are Government property.

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6482. Without going to Parliament. The Harbour Board fix what rates are to be charged, and they only need to get the consent of the Governor in Council. We have a debt to-day of something over £3,000,000 and the interest payable to the Government is £115,000. We have spent £1,300,000 in the last six years, and we maintain, as importers, that the biggest part of that increased expenditure in the shape of better equipment, has accrued, to the extent of 75 per cent. to the ships. I have here another statement I would like to put in. This will show the difference in dock dues payable by the Union-Castle Company at Cape Town between the old rate of 6*d.* per ton and the new rate of 1*s.* 4*d.* That is not the only saving, they save on coal as well. Under the old system they had a contractor named Mackenzie, who did most of their coaling. His price for landing and placing into store was 3*s.* 2*d.* a ton; the harbour charge is 2*s.* 3*d.*, a saving of 11*d.*

6483. I suppose you do not want to say much about coal do you?—All this evidence is to show the immense benefit that has accrued to the Conference Lines, particularly the Union-Castle Company, which is the head of this business—as the result of the money we have spent in the docks. Now they object to pay their fair share towards the increased interest, and are surcharging the importers.

6484. This is your point, that they are surcharging you though the state of things as compared with what it was nine years ago is rather favourable to them than not?—Exactly.

6485. That is your point?—Yes.

6486. Is it a very important point, except as a matter of principle?—Yes, certainly.

6487. About what is the difference in the rate?—As a matter of fact we have had our rate put up twice since the 1st July. In the first place 10 per cent. primage was charged and 10 per cent. rebate given; now 10 per cent. primage is charged and only 5 per cent. rebate given.

6488. That is not supposed to have anything to do with the harbour charges here?—No, that is, of course, all round; but here we have been charged 2½ per cent. extra more than any other port.

6489. Sixpence in the £1?—Yes, I have here the total saving which they make in the course of a year, and that comes to something like £12,000.

6490. (*Sir John Macdonell.*) The Union-Castle Company?—Yes, the Union-Castle Company alone. In former years we charged 2*s.* a ton dock dues on coal; now we charge on coal only 1*s.* 3*d.* and then there is a further rebate on that. On South African coal bunkered, there is a rebate of 10*d.* per ton. (*Handing in document.*) There is another point I want to mention in respect to the reduced rebate on freights and the surcharge. I know as a matter of fact from one of the agents of the German Lines that German companies coming here were opposed to making the difference in the rebate given, and also opposed to charging 2½ per cent., and it was only when Sir Donald Currie himself paid a visit to Hamburg that he brought them into line.

6491. (*Chairman.*) When was that?—Within the last four months. The agent told me that he had a letter from his people in Hamburg to the effect that they did not intend to make any change. He afterwards got notice that it had been made. Of course, we knew from the cables that Sir Donald Currie had been over to Hamburg in the meantime.

6492. I suppose as a matter of principle you would be glad to see the rebate reduced from 10 per cent. to 5 per cent. as long as you got the allowance made in the rates?—Certainly. That was quite the general expectation in South Africa. When we first had a meeting of the Committee of the Chamber to discuss this matter, most members were very much of that opinion —I held the opinion—which has turned out to be right, that we were to be charged the full 10 per cent. primage and only get 5 per cent. rebate, but most of the other members held that the primage would also be reduced, and we sent a cable to Mr. Soper making the enquiry.

6493. That is another of your objections to the system?—Yes, you will clearly see how completely we are in the hands of the Lines when they can simply dictate to us what rates shall be charged.

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6494. Then there is a point here that I want to ask you about. You say, "The Conference Lines have "from time to time entered into properly ordered com- "pacts with the South African Merchants' Committee "of London in connection with the shipping trade with "South Africa, but your Chamber submit with reason "that the Conference Lines have not carried out im- "portant conditions of those compacts, and especially "that of the 9th March 1893, Clauses 1, 2, and 4." Can you state this, and show in what way they have not carried out these?—Of course that does not really concern myself. I dare say you will get better evidence on that from Mr. Garlick. It was a part of the compact of 1893 that if a competing line came into the trade and charged low rates of freight, the Conference Lines would charge the same. As a matter of fact they wriggled out of that agreement. I think Mr. Garlick can give you very strong evidence on that point. I had the benefit of my reduced rates, so it did not concern me. He suffered, and I know he feels it a great grievance.

6495. Then you speak of the large sums of money that are retained from nine to 15 months. You say that this has been recently altered to six and 12 months. That was after the London Conference?—Yes.

6496. Then, "Thirdly, because these conditions are "compulsorily imposed upon the merchant without "permitting him the right to protest, or to protect himself in any way whatever." Does that seem to lead up to the point that some arbitration is a desirable thing?—No, it only states the fact. We have no remedy here at all except, of course, legislation.

6497. You can protest?—We can protest.

6498. You say you have not the right to protest?—We have the right to protest, but the protesting is not worth much.

6499. Do you know of any case in which protests have been made and have been ignored?—We have been continuing this agitation since 1894, right up to this date, and we have not got 6*d.* of reduction; in fact, it is the reverse. The rates are higher to-day than they were in 1894.

6500. (*Sir John Macdonell.*) Do you mean all round; have there been no reductions?—The only reduction that may have taken place is with regard to alterations in the classification, but the nett schedule rates to-day are higher than they were in 1894.

6501. (*Chairman.*) I had an idea that there were 50 or 60 instances in which the rates had been reduced by putting Class 3 into Class 4, and so on?—Of course, there may be some alterations in classifications, I would not be prepared to say, but with regard to classification, here in Cape Town and also in London it is almost impossible to get a list of the classifications.

6502. We shall come to that point. For the moment I am speaking about reduction. I do not think it was contradicted that there were reductions?—Certainly. But it does not strike shippers here as being very large.

6503. I think the London Merchants' Committee agreed that that was the fact, that there had been reductions in 50 or 60 cases?—But what is that. There is the list of classifications for South Africa. (*Handing in document.*)

6504. You have a classification?—Yes.

6505. That is very precious. I do not think we have seen one. It is a German Line, I see?—Yes, we cannot get the Enngligh Lines' classification. I went round to the office the other day and got that from the German East African Line. I could have got as many as I wanted. You cannot get any from the British companies.

6506. I thought you were about to quote from the English one. You have not referred to the advantages of the Ring at present?—The only advantages they claim for it are the fixed sailings and steady rates of freight.

6507. It is a very good service, is it not?—There is no doubt of that, but we maintain we pay too much for it.

6508. Are there not other advantages in equality of treatment?—There is one advantage. But we do not quite agree that there has always been that equality of treatment. They have gone from it in recent years.

6509. You mean with regard to preference to Governments?—Governments and private individuals as well.

6510. There are not many at the present time?—That we cannot say. As you know, there was a contract at reduced rates with Wernher, Beit, & Co., there was a contract with the Goldfields Co., and I think Fraser & Chalmers had a contract. There were several contracts made with large people.

6511. You do agree that there are considerable advantages in the treatment you get, with regard to frequent sailings and fixed rates, and so on?—We should get the same under a different system.

6512. Should you get that under an open market?—I think we should. Take New York to-day, which is an open market. There you have, practically, fixed rates of freight. I do not say they are fixed altogether, but they are practically fixed. Then, you must recollect that fixed sailings are what any shipowner would do who wants to get into the regular trade. Shippers, if they can depend on a shipowner sending a ship at regular dates, would rather favour that shipowner, against a man who sends his ships at irregular times.

6513. They would be what is called loyal to him if they were well treated, without the deferred rebate?—Yes; it stands to reason. Fixed sailings are a great advantage, and the shipowner who is prepared to give fixed sailings would naturally get a preference, especially with the smaller man, simply on that account.

6514. Would not there very often come along tramps, or somebody or other that wanted to get the benefit of that trade, and offer you a lower freight, and you would take it?—Possibly, they might do that. I believe that if the rebate were done away with we should have a big fight for some time, and then matters would settle down.

6515. How long do you think the fight would last?—About a year or two.

6516. That would be bad for people, would it not?—The consumers would get the benefit.

6517. There would be great variety in the rates?—There may be to some extent, but I take it, like other businesses, they would have eventually to settle down to paying rates. There is also another point I would mention. I see the point has been made in London that the smaller man gets a great benefit from the steady rates. After all, the biggest part of the trade of this country with the smaller man is done through agents in London, who have half-a-dozen or even 20 accounts, so that, in the aggregate, that man ships quite a large quantity of stuff. I have no doubt he gives his clients on this side the full benefit. Even the smaller man, shipping as he does in bulk with a lot of others will get the benefit.

6518. The Conference people do not take goods on ship's account, do they?—No. But the Clan boats brought coal at one time.

6519. Do you take that as important?—No.

6520. You would not be afraid of having them competing?—Perhaps, I am not altogether the right man to answer the question. Personally, I think they very much exaggerate the importance of it.

6521. In your particular line there is not much danger. You are hardly a fair judge?—Perhaps, not.

6522. Then, coming to the very important question about the diversion of trade—"Has the effect of the "system of deferred rebates and of the South African "Ring been to divert trade from the United Kingdom "to the United States of America or the Continent of "Europe?" The answer to this question does not seem to state at all directly that that has been the effect. "Your Chamber are not aware that the effect "of the system of deferred rebates itself has been to "divert trade to the United States or the Continent of "Europe." Then they give examples of that very low rate of 15*s.*, and they give an instance of the rate from Belgium to South Africa being 2*s.* 6*d.* a ton less?—Perhaps, I had better supplement that. I have here a table of the imports into the Cape Colony from Great Britain, the United States and Germany, which shows the growth of the trade since 1890 up to 1906. The American trade has grown in that time from £282,000 to £1,500,000 in 1906. In 1890 goods were brought by sailing vessel. In 1894 steamers were introduced.

6523. I know you are very well up in all these statistics. We have not had the detailed returns of articles from particular countries in certain years. You see a tremendous growth between the years 1895 and 1896 in the imports into the Cape of goods from the United States?—The steamships were put on in 1894, and, naturally, the trade went ahead tremendously, and, of course, the rates were very low in those days because they made them low for the purpose of cutting out the sailing ships, and, naturally, that gave a big impetus.

6524. (*Sir John Macdonell.*) In what kind of articles?—I think, largely hardware.

6525. (*Chairman.*) We were told there was a great import of corn in those years, but if it has not come before you specially, we will not trouble you with that?—On that point, I would like to say that I have been making some enquiries with regard to the diversion of trade. It does not affect the soft-goods trade very much. There is no doubt, of course, that at that time—about 1894 to 1896—owing to the steamships being put on and the low rates of freight, there was a tremendous impetus to business with America. Then in 1902, 1903, and 1904 there was a fight, and rates dropped as low as 10*s.*

6526. Imports from United States were just under £2,000,000 in 1901, and jump to £4,500,000 in 1903?—There are two causes for that. That was just the time of the boom here, when you will notice the British imports went up to £19,000,000, but I do maintain that the American trade was largely assisted by the extremely low rates of freight. I had a contract with the Prince Line for 20*s.* 10*s.* was actually obtained by some people.

6527. You do not do very much with the States?—No. We get a certain amount of furniture.

6528. Not textiles?—No.

6529. Drills?—I think the biggest line would be ducks, but there is not much even in that now. As regards the trade latterly, it is only fair to say there has not been much growth at all, but the point to my mind is this, that these low rates at the time did give the Americans the entrance into the market which they have retained ever since.

6530. The answer of the Chamber is evidently a very careful one. They do not seem to wish to exaggerate the effect at all. Can you tell us anything about diversion to Germany?—Last year there is a large increase of £338,000 shown.

6531. Going back 14 years, the figures have not increased much?—They were £164,000 in 1890; last year they were £1,000,000.

6532. In 1902 there was an increase over 1901 of nearly half a million; after that there was a small increase, and then a drop to a half, and then a further drop in 1905. Last year, you say, there was an increase, but still it is not up to the big year?—No.

6533. In your case, owing to these rates of freight, have you increased your business from Germany?—No, I do not think there is really very much difference there. The rates are the same, and it does not make much difference. I do not think the freight has really had much to do with the diversion to Germany.

6534. You have not had much to do with the special rates from the inland towns of Germany?—No. I may mention a thing told me by an importer here, that, latterly, there has been a reduction in the rate of freight outwards for manures imported here from Germany.

6535. That would come under the subject of rates on goods coming straight from Germany?—I am told by one of the large importers that the agent for a German Line could quote lower prices than they could. Of course, the inference he draws is this: Sir Donald Curries promised when Dr. Jameson and Mr. Moor were in London that he would reduce the rates on fertilisers. It was then about 16*s.* 3*d.* They held off for a considerable time. In June or July there was nothing done when the contracts were made. It was only quite recently—in the last month or so—that it was reduced to 15*s.* The Germans seemed to know about the reduction to be made, before my friend, as a Britisher, learnt of the fact.

6536. Then, I think, we may consider next the question whether the rates of freight are excessive, first of all from the United Kingdom to South Africa. This raises the point which you mentioned before about the rates to Cape Town. Your Chamber think that the rates of freight in force prior to the 1st July, 1907, were excessive, more especially with Cape Town, where reductions in port charges and the provision of adequate up-to-date facilities had been the means of considerably decreasing expenses. Then you say, "The Chamber say the Conference Lines admitted their "rates were high by making certain proposals for their reduction in January, 1906." Is that quite a fair way of putting it?—They offered to come down somewhat, It was not very much, certainly.

6537. But they did not begin by offering to come down?—No. In defence, they came down.

6538. "And making certain proposals for their re-"duction." Then you say that since the 1st July, 1907, "rates of freight have been increased to Cape "Town and Port Elizabeth varying from 3*d.* to 2*s.* 1*d.* "per ton in the several classes of goods, and to other "ports of South Africa in a lesser degree." How does that 3*d.* to 2*s.* 1*d.* per ton arise?—By charging 10 per cent. primage and only allowing 5 per cent. rebate. I have a statement here which shows the old rates and the new rates. (*See Appendix VI.*)

6539. Cape Town and Port Elizabeth are practically together?—Yes. Those are the net rates. Of course, as regards our proof as to the rates being excessive, I do not know if it is necessary to mention the Government rates which they are charging at the present moment. You have, doubtless, got those.

6540. On that, I should like to ask you, do you consider the Governments ought to have a less rate?—If they can afford to charge the Governments that, they can afford to charge us less.

6541. The Government guarantee a large amount?—In the aggregate, our shipments amount to more than the Government's.

6542. Given a whole number of separate shipments?—Certainly. I was only mentioning that by the way. I have here the chartering rates taken out of "Fair-"play" for the last month. They are mostly with regard to coal. From Glasgow to the Plate the rate is 17*s.* 3*d.*; from South Wales to Colombo, 8*s.* 9*d.*; South Wales to Bombay, 8*s.* 9*d.*; South Wales to Hong Kong, 13*s.* 9*d.*; to Shanghai, 16*s.* 6*d.*; Buenos Aires, 17*s.* 3*d.*; from Blythe to Bombay, 8*s.* 7½*d.* Here is an actual case to South Africa. From London to Natal there was a ship called the "Kirkland," chartered by Hulett of Natal.

6543. What is the date of that?—It must have been quite in the last four months. She was chartered to take machinery at 16*s.* I see she went from Natal to Bombay because she is recorded in "Fairplay" as taking a charter from Bombay to Dunkirk at 19*s.*, so for the whole round voyage she only got 35*s.*

6544. You do not contend that chartering is the same thing?—No, but I think it shows a very large margin. Perhaps, I have a better case here. There is a ship in the port here chartered by one of the Lines. The charter works out at 15*s.* 6*d.* a ton, dead weight. She brought the goods for one of the Lines, and they charged the regular rates.

6545. (*Sir John Macdonell.*) Chartered by one of the Conference Lines?—Yes. I have the details here.

6546. (*Chairman.*) Anything of that sort that you do not want published, you can give me in confidence?—Of course, the source of my information is confidential.

6547. It will be perfectly safe with us, but it is always more satisfactory to have a name?—That is the name. (*Handing in paper.*)

6548. What is the date of this?—In the month of September last. Take the rates to Beira to-day. They are exactly the same as the rates to Port Elizabeth, taking into account the cost of landing. I wired up to Bulawayo yesterday to get the confirmation of it. The place is 1,460 miles further on.

6549. Would it not be the other way, viâ the East Coast?—The rate is:—First Class, 49*s.* 6*d.*, plus primage, landed on the wharf. It must cost them about 7*s.* to put it on the wharf.

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6550. Are the landing facilities bad?—Yes; ships lie in the roadstead. The rate to Port Elizabeth is 42*s.* 6*d.*, put over the ship's side, and the importer pays the landing.

6551. (*Sir John Macdonell.*) What line?—By all lines, I presume. There is the telegram I have received from the Chamber of Commerce. I put that in as evidence. (*Handing in telegram.*) Then I want to call attention to the Australian rates. In that book they quote the rates not only to South Africa but also to Australian ports and some Eastern ports, particularly to Java. Of course, there is a different classification. But I have taken out the classification, item by item, and shown how it compares with our classification. For Class 1, the rate to Melbourne is 42*s.* 6*d.*; to Sydney, 40*s.* All of that Class 1 is in our first class, where the net rate is 44*s.* 7*d.* to Cape Town and Algoa Bay. (*See Appendix XI.*)

6552. (*Chairman.*) You do not know what is in our first class; you have not a classification of the Conference Lines?—The classification is the same for all lines. The German Lines have adopted the same classification; the book not only gives the classification but the terms of freight and the commission on shipments.

6553. Is that book always being re-issued and re-edited?—This is for 1907.

6554. (*Sir John Macdonell.*) That book is not in any way binding on the Conference Lines?—This classification applies to all the lines bringing goods to South Africa.

6555. Have you gone into that question?—I think there is not the slightest doubt about it.

6556. (*Chairman.*) Surely there are constant changes being made?—There may be, but you will see the effect of the British lines keeping the classification so private might give the opportunity for a lot of preference. What is to hinder any large shipper going to Currie's office and saying, "I want to send stuff "out by a certain boat, and I want a special rate of "freight." Currie's, to meet that shipper, might agree to put the goods for this occasion in a lower class, and no one would be any the wiser, except this particular shipper.

6557. Of course you recognise that in the Australian trade there will be more return cargo?—I am coming to that. Here are the rates from New York to here, and the classification.

6558. (*Sir John Macdonell.*) Present rates?—Present rates. This is issued by Crossman & Sielcken on the 30th August, 1907.

6559. (*Chairman.*) Let us take agricultural implements?—Reapers: From New York, 25*s.*; 26*s.* 3*d.* from Great Britain.

6560. Our information was that before this recent change, which has added 5 per cent. to the charge, there was very little difference; that very often the American rates were quite as high?—There is not as much difference as there was, but their first class or highest rate is 36*s.* 3*d.*

6561. We have here a statement put in quite lately by Mr. Mosenthal?—That is for Algoa Bay. I am putting in the Cape Town rates. The Cape Town rate is 36*s.* 3*d.*; to Algoa Bay it is 38*s.* 9*d.*

6562. We do agree then?—To East London, 41*s.* 3*d.*; Natal, 45*s.* I am not going away from my own port; 36*s.* 3*d.* is the maximum from America; our maximum is 44*s.* 7*d.* I will put in this book, which gives an idea of what the shipments consist. Here is the manifest of cargo of merchandise shipped from New York to South Africa for the four weeks ending August, 1907. (*See Appendix X.*) Of course, one of the big items is oil.

6563. That would naturally come from America, would it not?—Yes. Of course, a little comes from Sumatra now.

6564. There is not much in that, is there?—At present there is not very much except, as I say, their maximum rate is considerably less than the British rate. (*See Appendix X.*)

6565. Now, taking the freight from South Africa to the United Kingdom. The Chamber "considers these "rates are too high and prevent the exportation of "certain articles of South African produce, which, if "a lower rate were charged, could compete in the Euro-"pean markets with similar products from the Argen-"tine and other places." "At the present time your "Chamber understand that the freight on oats from "South Africa to Liverpool is about three times that "charged from the Argentine——"?—I should say at once I do not quite agree with that paragraph. I do not think the rates homeward-bound are excessive, and it is only fair to say that. Take mealies, at the present moment they are 10*s.* from Natal.

6566. (*Sir John Macdonell.*) That point about the freight on oats is a very trivial point?—As a matter of fact, we have not exported any oats yet. It is really more in the future. We are expecting a good crop of oats, and there is no doubt we shall have to find outside markets, and then it will be a matter of negotiation with the companies as to what rate they will charge.

6567. (*Chairman.*) You want to get as low rates as you can so as to encourage the exporter from here. I suppose you have not had much to do with it in your line?—I am not an exporter at all.

6568. We have had evidence on this point, and some of the evidence has been to the effect that the rates are moderate on certain things. We have had evidence to the contrary also?—I am not much of an authority on the point. I can give you the estimate of receipts from cargo shipped from South Africa. I reckon the receipts from cargo homeward bound to be £500,000 at the least. I have here the particulars of £472,000.

6569. Of course, there are really very few articles; there is wool 60,000,000 lbs.?—The total exports of wool last year were 245,000 bales, on which they have received $\frac{3}{8}$*d.* for greased and $\frac{3}{4}$*d.* for snow white. I have taken the average at $\frac{1}{2}$*d.* The rate for gold is $\frac{3}{8}$ per cent.

6570. It was $\frac{3}{8}$, and $\frac{1}{8}$ is rebated. Your calculation, I am afraid is not quite right. We have taken evidence on that point in Johannesburg?—Then do they not charge primage?

6571. They get the whole of that 2*s.* 6*d.* back, I believe?—My information is that on all these articles they charge 10 per cent. primage.

6572. We have had it from the Chamber of Mines?—They would know. Hides and skins, £40,000; mohair, £54,000; ostrich feathers, £15,000—that is, 1 per cent. on value—the value was £1,406,000 last year. Then there is bark from Natal. Then there are fresh fruit, grapes, flowers, and a lot of small things. I do not think I overestimate the total when I say £500,000.

6573. You have not personally had much to do with these export transactions?—No; these are the official figures, though. Then there are passengers. The departures from South Africa to Great Britain alone in 1906 were 22,409. If you take the average fare at £20, which I think is a moderate rate, that alone is £448,000.

6574. That would want very careful calculation, would it not? Have you taken simply rough averages or allowed for increased quantities, lower rates, and so on?—I have taken the average.

6575. I am afraid it ought to be calculated rather differently?—Here are the fares which are charged. (*Handing in list.*)

6576. Have you weighted your averages statistically? Have you taken it that there are as many people paying £49 as there were £26?—Of course you could not get that.

6577. Then I am afraid it is not worth much?—It must come down to an average.

6578. If you buy one article for £100, and 99 articles for 1*s.*——?—That, of course, I can understand. On the other hand, the gross receipts from passengers amounted to a certain sum; if you divide it by the number of passengers it must come out to an average.

6579. You have not got your gross receipts?—No. You can only get that from the Company. There are the passengers that pass backwards and forwards. I reckon the passenger fares from this Colony to Great Britain to be £448,000.

6580. (*Sir John Macdonell.*) Outward and inward?—No, outward only. Then I take the fares from Natal,

which are not in those figures, and put that down at £149,000. Then there is the postal contract, £67,500. That, of course, is just the homeward postal contract. That brings it to £1,204,500. That is the total receipts of ships going from South Africa.

6581. (*Chairman.*) When you come to averaging, without weighting the averages, I doubt the result. That concludes Question No. 6. Then we come to Question No. 7, about preferences, which we have just touched upon: "Are you aware of any preferences "(secret or other) in the matter of rates having been "accorded to favoured merchants or importers, which "are not accorded to all?" The first reply is one which you would not quite agree with?—That is true. Mr. Garlick would be able to give you information on that point.

6582. You think it is quite fair that the Governments and municipalities——?—I think it is fair for the Government. I do not object to it myself.

6583. You are aware that in the draft agreement which you came over to London with, all preference was done away with?—It was used as a lever to bring down rates generally. There is this to be said, that it puts the local man out of any competition for Government supplies. That is what a good many men feel. Possibly if I were not a politician I might take the same view.

6584. I hope you would take the same view whether you were a politician or not?—I think there is a good deal to be said for it. Then, of course, the Government have so much special stuff, like rails and railway material, and I think it would not be fair to weight the taxpayers of the country with the ordinary shipping rates for them. I do not know of any preferences outside the Government. I might state, as was stated in one of the Committees of the Chamber the other day, that American rebates are still being given. It is done in this way. They are given to those shippers from America who pay the freight in London. Of course, that can easily be done. The statement was made and the name of the firm was mentioned. Two firms, or perhaps three, ship goods from New York to South Africa, pay the freight to the owners in London, and then get a rebate. But, of course, we have no first-hand knowledge of that.

6585. A sort of discount or a deferred rebate?—That we do not know.

6586. I do not think you have much to tell us about the preferences?—No.

6587. Then, "Would it be practicable for South "African merchants to combine and charter tonnage in "the open market for their consignments? What "remedy, if any, do you suggest?" The Chamber say, "It would be practicable for South African merchants "to combine and charter tonnage in the open market "for their consignments if the system of deferred re-"bates were inoperative and the merchants were pro-"tected in so far as the sums of money now due to "them by the Conference Lines were paid in full"?—Personally, I am of opinion that I do not think you will ever break up the Conference except by legislation. That is the conclusion I have come to. But I will go further, and say that, suppose you did break them up, you will at once reduce the rates of freight to South Africa from Great Britain, and then it would not be necessary for the merchants to enter into any combinations. Of course, you could only break them up by doing away with the rebates. We cannot legislate directly against rebates here. We can only legislate upon one principle, and that is that all importers should be treated alike.

6588. In the debate which we had in London on your Bill, the Bill did not meet with the approval of your colleagues altogether?—That is so.

6589. The London merchants did not approve of it at all?—We do not attach the slightest weight to the London merchants. We hold most emphatically that they do not represent South African opinion at all. There is quite a number of the mercantile community in South Africa who look upon them as a branch of the Conference. So far as we can see, the Conference Lines use them when they want them, and put their suggestions on one side or treat them with contempt when they do not want them.

6590. Do you think they are not representative of the trade?—I do say this, that they are not representative of South African feeling or South African interests.

6591. I was asking you about the proportion of trade which is done through the South African merchants?—I do not deny that a very large proportion of the trade is done through South African merchants, but I do say that the ideas in London and the ideas in South Africa are very different.

6592. That is one of the things we came out to enquire into—why it was there was a stronger feeling here?—We have to pay the piper here, and we should, of course, call the tune. Then we have this feeling about the London merchants, that they draw a commission on the full amount that is paid, and it is not to their interest to reduce it; secondly, they would like things to go along in a smooth sort of way, giving them as little trouble as possible, and from that point of view the present system works very well. They have no trouble at all.

6593. They are interested in encouraging trade here and doing as much business as possible?—They may be to some extent.

6594. Are not they very often the same firms as are in South Africa?—To some extent. You have the fact that we here, in South Africa, have no regard at all for them, in fact, I daresay we shall have some trouble in getting our Chamber to pay the subscription next year.

6595. Have you any other suggestion than the Bill which came home in 1905 for doing away with, or modifying, or improving the rebate system?—Of course, I should like, myself, as I said at the Conference, to do away with the rebates altogether.

6596. You were prepared then, if you had had sufficient reduction to have come into that draft agreement?—Only to come into line with my colleagues. The majority of my colleagues were entirely in favour of coming to some compromise; and I said several times, in deference to them, that I would do the best I could to carry it through. I hold, myself, very strongly that the best thing to be done is to do away with rebates, and have an open market.

6597. If you could get some form of control and some way of meeting the shipowners, either by arbitration or consultation, would not that modify your objection to the system very much?—If it is impossible to do away with it, then, of course, we must have some control. It is a public service, and, practically, a monopoly, and in every advanced country public services are brought under Government control.

6598. Should you like to see the Government shipments of goods made use of to get lower freights or more control?—It would entirely depend, as it depended then, on the amount of the reduction. I held that reduction should be at least 15 per cent. and I told Dr. Jameson: "It is not worth your while as a "member of the Government to come into this unless "you get a material reduction, because in my opinion "you would have made too big a sacrifice of the Govern-"ment interests if you had taken the 5 per cent. which "was offered."

6599. Do you attach very much importance to the question of your being under the control, under the thumb, of the Conference Lines?—Naturally.

6600. I do not mean from the material point of view, but is it in the matter dignity?—Of course, I do not think we look very much at it from the dignity point of view; we all look at it from a rates point of view.

6601. You take it from a business point of view that if you can secure better conditions, lower rates, and some sort of control, you would not insist on the rebate system being abolished?—Of course, it would all depend on the reduction we got.

6602. (*Sir John Macdonell.*) I note that you carry on a very large business of a very varied kind, Mr. Jagger, but, as you have stated, your export business is practically *nil*?—That is so.

6603. I suppose, naturally, you have looked at the question from the point of view more of the importer than the exporter?—Yes, I must confess that is the case.

6604. We have had various gentlemen of experience, exporters, who have given evidence before us at various

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towns, and they have, I do not say in all instances, but in many instances, spoken favourably of the present system. Can you account for that position which they take up?—I think, to some extent. Of course, the margin upon produce shipped home, especially wool, is very narrow, and you will notice that in all the trades where the margin is very narrow they prefer the rebate. When a man ships his wool from here and knows he has to pay $\frac{3}{8}$, he knows exactly what it is going to cost him to put it down in London, and he knows that if there is a fight, rates might vary, they might take some wool from a competitor at 5*s.* a bale, whereas he might have paid 10*s.* or 15*s.*

6605. Not merely one witness but several witnesses have said, with respect to wool, for example, that the price of it is determined, not by the quantity of wool exported from South Africa, but by the general quantity of wool available?—That is so.

6606. They have also said that it is of extreme importance to them, first of all, to be able to calculate beforehand the amount of the freight, and, secondly, that they should be able to know with certainty that their wool would go on the market at a certain period. Do you think, looking at it, as you are no doubt able to do from their point of view, that there is something in that contention?—I do not think so. I think it would be carried just the same as now. You have the example of Australia. As far as I can find out, there is no rebate in the Australian export trade at all.

6607. I am not going into that. Looking at the evidence, which I think I am faithfully reporting to you, is your contention that they are mistaken in that point of view?—I should say that they very much exaggerate their fears.

6608. I suppose you will very much admit it is of great importance to South Africa that this export trade should be developed?—Certainly.

6609. That perhaps the interests of the export trade are at least as important as the interests of the import trade?—Certainly.

6610. And do you not think, if there be a strong opinion on the part of a considerable number of exporters that the benefits of the present system should be maintained, that cognisance should be taken of, and extreme deference paid to, that opinion?—I think you might pay too much deference to it. I hold very strongly that the fears are exaggerated, and I am borne out in that contention by the fact that in other trades they get the stuff carried satisfactorily without rebates.

6611. You think in regard to this question they either make a mistake or they greatly exaggerate——?—They greatly exaggerate.

6612. They greatly exaggerate the fears?—Yes.

6613. You gave my friend a number of instances of forfeitures occurring in 1902. I think you added that you were unable to give recent examples of forfeitures?—That is so.

6614-5. Can you explain your inability, and not merely your inability, but the inability of other witnesses, to mention recent instances?—Because there has been no competition brought in. Ever since Houston joined the Line in 1904 there has been, as far as I am aware, absolutely no opportunity for any outsider to ship by any boats excepting those of the Conference Lines; not that the shippers are any more loyal in feeling than they were, but they have not had the opportunity.

6616. At all events, I am right in taking your view to be that the absence of instances of forfeiture is not a proof of leniency on the part of the Conference Lines, but evidence of the effectual nature of the grip?—Most certainly.

6617. You mentioned in answer to my friend a number of changes which had taken place, especially with respect to the services rendered at the harbours here, which in your view ought to have been brought about or tended to bring about a reduction in rates?—Certainly.

6618. And you have also mentioned a change in the mode of computing certain dues, which you thought operated very favourably towards the mail boats?—Exactly.

6619. I rather gathered that these changes did not in any way operate in favour of any boats other than the mail boats, or perhaps the intermediate steamers?—They operate in favour of the mail boats which only stay a short time, the intermediate boats to a large extent, and to some extent to the Bucknall boats. They operate to the disadvantage of the Clan boats.

6620. Not merely to the Clan boats, but perhaps to other members of the Conference?—The Ellerman-Harrison Line to some extent.

6621. So that these changes, on which you lay stress, are, so far as perhaps one-half of the members of the Conference are concerned, not really to their advantage at all?—I should say one-third of the members.

6622. Then I suppose that there has been going on lately a change of another kind, which affects all the members of the Conference—price of coal?—As a matter of fact, they are getting coal cheaper now than they were getting it in those days. They have commenced to take coal in Natal. That coal will not cost them more than 16*s.*—possibly even less. In the years I am speaking of they took a large quantity of Welsh coal in Cape Town.

6623. Is that Natal coal by itself useful for all purposes, including the steaming of the mail steamers?—The "Kenilworth" is taking 2,000 tons to steam all the way from here to Great Britain.

6624. Without any admixture?—I presume so. You can get Natal coal in this port at 28*s.* 6*d.* for bunkering, which is supplied by the Union-Castle Company, and supposing they make 2*s.* a ton profit, it only costs them 26*s.* 6*d.* here. In former years they had to use exclusively Welsh coal, which must have cost them considerably more than that.

6625. Passing from that to another clause——?—I have taken out the dock charges at various British ports for the purpose of comparison, and you will find that they are considerably higher than ours. (*Handing in document.*)

6626. Am I right in saying that you agree with the finding of the Chamber to the effect that the Chamber is not aware that the effect of the system of deferred rebates has been to divert trade?—I do not agree at all. I think the writer of that has been taking the circumstances as they are to-day. I do not think that there is any movement going on to-day, but in the past I think everybody in South Africa will hold that there has been a diversion of trade.

6627 Do you think that this resolution, passed unanimously, is mistaken?—It only represents the position at the present moment.

6628. The finding is that the Chamber is not aware that the effect of the system of deferred rebates itself has been to divert trade to the United States or the Continent of Europe?—Then with regard to the past it certainly is not right.

6629. You think the Chamber has made a mistake?—If you refer to the past.

6630. (*Chairman.*) The tendency has been in the past surely?—It is only fair to the writer to say that he has not been more than three years with us in the Chamber.

6631. (*Sir John Macdonell.*) I am adverting to the members who passed this resolution. I do not know whether you were one?—I was not there. I was in the House at that time.

6632. It was adopted unanimously?—I think so.

6633. And no doubt after considerable discussion?—I suppose there would have been some discussion.

6634. I may anticipate that there was?—I do not know if I am in order, but here is a report of the Chamber's opinion of 17th July, 1896. This is in the interim report of the South African Freights Committee.

6635-36. We have got that; what is the page?—Page 167. Then, there is also Mr. Birchenough's report on the trade.

6637. If you had to prove your proposition as against the proposition which the Chamber has adopted, what class of articles would you say had been diverted from Great Britain to America?—I would not like to state that without going further into the matter. I may

tell the Commission that I am having got up now a list of the principal imports from the United States.

6638. Looking at the matter in all moderation, would not you admit that there were so many different circumstances to be taken into account—the nature of the American articles, the skill in pushing the American articles, the acuteness in appreciating South African tastes and wants, that any opinion about diversion must be held with some little reservation and doubt?—No. I should mention that the British exporter pushes his trade now quite as keenly as the American, and there is this very decided handicap to the American trade, and that is, that their credits are less than the British credits. Every American exporter draws at sight or 30 days, and some, perhaps, 90 days. A lot of the British merchants give open credits. That is decidedly a handicap, to some extent, of American trade.

6639. I have suggested there are a good many conflicting considerations. Would not you, weighing these conflicting considerations, say that any opinion about the effect of rates and diverting trade must necessarily be very speculative and doubtful?—I do not believe that. I have not the slightest doubt in my mind at all that these rates from America had the result of diverting the trade in this country to America tremendously, which trade they have managed to keep to a large extent.

6640. Your point is, that the channel of trade having been once diverted it is difficult to draw it back again to the old channels?—Quite so. You get stuff into the place and a demand is created for it; people get accustomed to it and repeat orders are sent, and the trade is carried on in that way.

6641. You are in favour of giving the Government special rates?—Yes.

6642. And in favour of granting special rates to municipalities?—To the larger municipalities.

6643. Would you do so for all articles which Government require?—Of course, that is somewhat difficult to say. Personally, I think I should be.

6644. In your answers, I think, you have rather assumed that the Government rates would necessarily bring some profit to the Shipping Conference?—Certainly.

6645. May it not be that they are carrying either the whole or a large proportion of these Government stores and commodities either at no profit or from a mercantile point of view at a very small profit?—Possibly, at a small profit.

6646. May it not be that they are—I will not say compelled, but are tempted to increase the rates upon the ordinary shipper by reason of the special terms that they give to Governments and municipalities?—It is somewhat difficult to answer that. Of course, it would all depend on the circumstances under which they took the contract. If they took the contract under competition——

6647. I am putting to you this point. Might not—I do not say a complete remedy, but might not a partial remedy for some of the excessive rates on which you lay stress be got in levelling up freights for everybody—Government and municipalities and others standing on exactly the same footing?—My objection to that is this. You make the taxpayers of the country pay more in the way of freight than they should do. I think the great argument in favour of giving Governments special rates is the fact that they get out so much special stuff, such as rails, engines, railway trucks, and carriages, &c.

6648. They get out so much special stuff at the present moment, but is it not conceivable under the system which I suggest to you that a lot of stuff which is now "got out" would be either got on the spot here or the people here would tender locally for it?—Of course they might do that.

6649. Do you see any objection to a change on the lines that I indicate—uniformity of rates for all persons—opportunities for local merchants and others to tender for Governments?—There is no objection to that, provided the taxpayer does not pay more. You have to look at the taxpayers' interests.

6650. That is the only objection you see to it?—The only objection.

6651. Do you go with the suggestion so far as to believe that the natural result of the change would be a diminution of the general rates paid by the general body of shippers?—I do, if the rebates were done away with.

6652. Putting aside the question of rebates, one way or the other, do you not think that would be the natural tendency?—That if you brought in the Government freight you could get down the general rate—yes, I think it is quite possible. To my mind it woul be entirely a matter of balancing the advantage That is the principle I went on in London. If w had agreed to a 5 per cent. reduction there, I coi sider the sacrifices of the interests of the Governmer would have been out of all proportion to the advanta gained. If we had got 15 per cent. there would hav been been a good deal to be said for it.

6653. You have candidly said you have looked at th question mainly from the point of view of the in porters; you have admitted that the exporters' viev should be considered. Have you looked at the que tion also from the point of view of the consumer?-Certainly.

6654. I suppose these low rates from the Unite States did not harm the consumer?—Of course th consumer got the benefit of them.

6655. Did he get the benefit of them?—That is difficult thing to answer, but I should say that in th majority of cases he would.

6656. I do not want to go too close into persona matters, and do not misunderstand me if I put thi question. You have got, as I understand, a contra at a certain rate. Do you think, in point of fact, th consumers get the full benefit?—I think he gets it i many cases, as you will find from my competitor You had better ask Mr. Garlick that.

6657. I will take your answer?—Every careful in porter works out the landed cost of his goods, an then he takes his profit on that. To show you ho closely it can be calculated, my gross profit in thi business here, though there was a very large increas in the Customs duties, did not vary ¼ per cent. las year. I only mention that to demonstrate how closel we have to calculate.

6658. I am putting rather this point, that suppos we took it for granted that some of these America rates of which you have spoken were somewhere abou the fair rate, do you think if the other rates wer levelled down to that point the consumer would i most instances get any benefit?—Do you mean th rates from Great Britain? Yes, certainly I do.

6659. Will you give me an illustration of some com modity that you have in your mind? I will sugges one—say, boots and shoes?—Of course, it does no make very much difference on boots and shoes, but an man would work out his landed cost of boots an shoes, and then he puts on his profit on his lande cost, so if the landed cost had been reduced the sellin price would be reduced.

6660. Supposing that the boots were selling fro 14*s.* 6*d.* to 17*s.* 6*d.* a pair, anl that the rate per ton o boots was reduced by 10 per cent. or 20 per cent., th individual purchaser of those boots——?—Of cours it works out very small. I do say that competitio is so keen that any advantage that can be got ever tually goes to the consumer.

6661. Even in the case of articles of considerabl value into which the freight enters as a compara tively small element?—Of course it is difficult alway to say. Take a pair of boots at 7*s.* 6*d.*, and there i a slight saving of 2*d.*—say, 7*s.* 4*d.* The probabilit is that the price of that will be reduced to 7*s.* 3*d.*

6662. When you say the probability you do not spea with much confidence?—I do say this, that compet tion is so keen here that no man can get any extra ordinary profit.

6663. Might not the sole effect of a reduction o freights by 10 or even 20 per cent., in the case of th great majority of articles, be only to slightly increas the profits of the merchants?—It would very muc depend upon the articles. If it were a staple article where the price is the great factor in the selling o the thing, then the consumer would get the benefit Of course, if it were another article where other factor came into consideration, such as the matter of fashio

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and the like, then, probably, the merchant would get it.

6664. Then, I think, I am faithfully reproducing your opinion in saying one must study the article before one can say with confidence?—Yes, but in all staple articles——

6665. You have referred to the classification which is perfectly accessible in the case of the German boats?—Yes.

6666. We have been told again and again by witnesses that so far as the English members of the Conference are concerned no classification is accessible?—No.

6667. Do you think that that is a satisfactory state of things?—Most certainly not. We have been grumbling a good bit at it.

6668. Do you from time to time experience inconvenience in consequence of that?—Naturally. How can you check the freight note?

6669. Do you not say that the absence of that classification puts, or conceivably might put, great powers into the hands of a particular agent?—Yes, as we think it does.

6670. Do you think that that is a grave defect in the present system?—I would not say a grave defect, but I think it is undoubtedly a defect.

6671. Do you see any practical objections to the formation of a classification complete in the same sense in which the railway classification is complete?—No.

6672. You see no reason why it should not be published?—No, there is no objection; in fact, it would be much to their advantage.

6673. The Chamber in its answers alludes to the benefits and advantages derived from the present system, and you have mentioned to my friend what they are. Are you confident that all these will exist under a system of an open freight market?—Of course, I do not pretend to say they will exist to the same extent, but——

6674. For instance, probably you will admit that rates would fluctuate somewhat more?—Yes, I should think they would, for some time especially.

6675. You say, for some time; why not indefinitely?—Because I think after the fight was over the trade would settle down to certain rates.

6676. Do you mean by settling down that (to quote the phrase of George Stephenson) "Where combination "is possible, competition is impossible"?—I can only give an example of the American trade. There has been no fight in the American trade in the last two years.

6677. Do you not think it is possible one of two things might happen; either that rates would go on fluctuating according as tramps came in, or that after a period of fighting there would be a Combination in another form?—Yes, but suppose you had a Combination in another form, that Combination could never exercise the power they have now, simply because if rates got excessive we could bring in outside competition.

6678. Are there not instances of Shipping Combinations tolerably powerful without the deferred rebate system?—I do not know of any just now.

6679. Has such an instance not been known?—Yes, certainly.

6680. Might not that be the result?—I think those instances are where there has been a small trade. Here the trade is large and shippers could combine.

6681. Take regularity of sailing. As I understand, you anticipate that would be very much as it is now?—Yes.

6682. Your point, as I understand, is, that regularity of sailing depends in the last resort upon a regular amount of traffic to be carried?—Yes, and is an advantage which you offer to the shipper, and a very great advantage; consequently, the shipper would favour that shipowner who gave him regular sailings.

6683. In your view, deferred rebate system or no deferred rebate system, if there is a regular volume of trade offering outwards and inwards regularity of shipment may be anticipated, that is your point?—Oh, yes, undoubtedly.

6684. I know that you have had to do with the drafting of a Bill which I have looked at. I suppose you would desire in suggesting a remedy, to retain as much as possible the advantages of the present system, provided you could get rid of its inconveniences?—I undoubtedly would prefer to do away with the rebates altogether, if that is what you mean.

6685. That is your answer, but I think I must ask you a question or two upon it. Of course, to do away with the rebates or abolish the rebates is rather a vague term. That could be done in so many ways. What do you think is the best way of arriving at that end?—Undoubtedly the best way is for the Imperial Government to legislate.

6686. May I take it that in the absence of legislation by the Imperial Government any other remedy would be—I will not say entirely ineffectual, but more or less ineffectual?—I think we could bring it about here under this Bill that I and Mr. Hosken drafted. But I think this Bill could only be passed by a Federal South African Parliament to be effective.

6687. I think you will admit that if your Bill were only passed by one Legislature in South Africa it would be ineffectual?—That would be so.

6688 Would it be effectual supposing it were passed by a Federal Parliament or by all the Parliaments in British South Africa but were not law at Delagoa Bay?—Yes, we could get over that.

6689. You say "get over that." The deferred rebate system would be in full force there?—Yes, but then you have the command of the railway line, and you could fix your railway line rates to get over the difficulty.

6690. You mean the railway rates relating to the portion of the traffic going inland?—Going inland from Ressano Garcia.

6691. Of course, that is a very considerable portion. It would not affect the coastal traffic—the consignments which were for Delagoa Bay and ended at Delagoa Bay?—No, but that is not very much.

6692. That is not very much now, but supposing that there were such legislation as you indicated, might not one of the most obvious ways of eluding your legislation be for consignments to be made for Delagoa Bay, landed there to A.B., the consignee, and then at a certain interval, great or small, sold for inland purposes?—You can get over that by penalising all stuff that came up from that port.

6693. Does not your legislation involve a great deal of "penalising"?—No, I do not think so. It simply declares that all the stuff coming into Cape ports shall be carried at the same rates for everybody. The underlying principle is equal treatment for all importers.

6694. You still think your Bill is the best scheme?—I think it is the only practicable scheme that has been put forward so far.

6695. Can you explain to me why, amongst the various remedies that have been suggested to us in the examination of witnesses the last few weeks, so far as I can recollect, no single witness has put forward your scheme?—Of course, I cannot say. My scheme, I daresay, appears to some individuals to be rather revolutionary, but it is not nearly so revolutionary as that suggested by the South African Shipping Conference.

6696. I am not suggesting anything to the contrary as regards that. Continuing the line of thought which you were good enough, at my suggestion, to travel along, do you think, supposing you had legislation passed in South Africa, your Bill would be effective if there was no corresponding legislation in the United Kingdom?—I do, as far as this trade is concerned, but of course I admit that Imperial legislation would be much more effective.

6697. If you say much more effective, do you mean that the other legislation would not be entirely effective?—It would undoubtedly open the door to fraud.

6698. I take it you would make that admission. It would, as you say, give a great opening for fraud, but might not there be other openings also in the legislation. "In the case of ships loading at British ports "(Clause 3, sub-section (*b.*)), but also loading at any "port at the Continent of Europe, the same rates of "freight as in the case of ships loading only at British

"ports." Supposing the German Government had no legislation, and that they choose to ignore this legislation; supposing that the shipping companies in Germany sued under the existing German law and that the plaintiff in the particular case obtained a judgment in the German Courts for a rate of freight differing from that which is allowed under your Bill. Will you make that supposition?—I think, of course, they would have to fall into line; otherwise they would not be allowed to discharge here.

6699. You are going a little too fast for me. I am assuming they would not be allowed to discharge here. The point I am putting to you is that the individual shipper in Germany, or the individual consignee in Germany might become liable for a rate of freight other than that which your law permitted, and that judgment might be obtained against him, and that his property, if any, in Germany, might be seized. Have you thought of that?—No, I must confess I have not thought of that.

6700. Is not that rather an important aspect of the case?—No, I think not.

6701. At all events it is an aspect which you have not considered?—That is true enough, but I must confess I do not see how it can arise at all. The underlying principle of this proposal is: These docks are the property of the Colony. We have spent our money on these docks for these ships to use, and, of course, it is perfectly right for us to say that those who use them shall conform to certain conditions.

6702. In my questions, I am rather assuming that all that you suggest should be carried out here. I am putting to you various difficulties which might arise in the absence of legislation governing all members of the Conference. If you tell me that you have not carefully considered that, I will not press the point?—That point, I must confess, has not occurred to me.

6703. Passing away from your Bill, various suggestions have been made to us by witnesses to the effect that there should be some form of control?—Certainly.

6704. One set of witnesses have said that there should be a consultative body, composed of members of the Government, the municipalities, and members of the shipping companies. Do you think that that—I do not say would be the best remedy—but do you think it would be of use?—Yes, but I think it would be altogether too cumbersome. I think the best suggestions made, provided you are going to keep the rebate, are the suggestions we made in London in 1905—to have a small committee there. We suggested, if I recollect rightly, one appointed by the shipowners, one by the shippers, and another by the Board of Trade.

6705. A small committee sitting in London?—Yes.

6706. And not in South Africa?—I think not in South Africa.

6706A. Do you think that would be—I will not say entirely satisfactory, but fairly satisfactory, to people in South Africa?—I think so, upon the whole. I do not see how you can do it otherwise, because freight is paid in London, and the differences, as a rule, arise in London and have to be adjusted in London.

6707. I do not want to weary you with questions. Another class of suggestions made to us was to the effect that there should be some tribunal with business elements upon it, somewhat, though not exactly, the same as the Railway Commission in London, capable of intervening whenever a rate was oppressive or whenever the treatment on the part of the shipping companies was harsh and unfair?—Yes.

6708. What should you say to that?—I would very much rather prefer the open market to anything of that kind.

6709. Do you think that that machinery would be ——?—Altogether too cumbersome and too inefficient. I do not favour that at all. Perhaps, I might qualify that to this extent. Of course, if you are going to keep the rebate system and legalise that, if I might use the expression, then such a proposition as you make would be all right.

6710. And, might I add, in your view, almost necessary?—Exactly.

6711. That if there is to be, in your view, a retention of the essentials of the rebate system, then there must be public control in some form, that is your proposal?—Yes.

6712. Then, might I put to you another suggestion which has been made. It has been suggested by certain witnesses that the courts shall have a right, supposing that a shipper claims his rebate, to say—the letter and the circular, notwithstanding—"You shall "have your rebates, but as you have broken the letter "of the contract you must pay damages, if any, which "will be deducted from your rebates"?—I am familiar with that. I think that is perfectly fair.

6713. Would you not get the substance of what you desire if that power existed?—Of course, you get a control, undoubtedly. and, of course, when I assent in the affirmative to this it is always on the understanding that you intend to maintain the present system.

6714. I understand that all your answers are qualified by that. Passing to an entirely different subject. In your view, should the mail contract be used by the Government as a means for obtaining for the general body of merchants favourable or fair terms?—My answer would be, that it would be perfectly fair for the Government having a condition in the mail contract that all importers who make use of the mail boats should be treated alike—always on the principle that it is a public service. I think it would be a perfectly fair thing and a just thing to insist on that condition in the contract.

6715 You mean large shippers and small shippers should be treated alike?—Everybody who ships on a steamer which is bringing the mail should be charged exactly the same rate of freight for the same article.

6716. Would you extend that to all steamers other than the mail steamers, owned by the same line?—No, only the mail steamers.

6717. You would not make it a condition that if such and such a company got the contract, then all their steamers must carry at the same rates?—No. As a matter of fact I must say to the Commission I have generally been against any interference with the mail contract, but I do go as far as this, that I consider this a public service in the same way as the railway, when once they begin to carry the mail and accept the subsidy, and consequently I think the Government is justified in insisting on that treatment.

6718. I have asked you questions, and you have given answers, particularly with respect to what one may call the private, as distinguished from the public, point of view. Is there not a larger aspect of this question? Do you think it is safe and proper that, so to speak, the external intercourse of South Africa, so far as rates and matter akin thereto are concerned, should be entirely dependent upon the will of one group of people?—No, that is what we very emphatically object to. It is practically to-dav in the hands of one man, who dictates the rates, and, as I have said before, dictates what ships shall bring cargo to South Africa and what shall not.

6719. In your answers, which have been mainly with regard to the private view as distinguished from the public view, you do seek to emphasize this last view, and to express the opinion that this aspect of the question is a very important one?—Most certainly.

6720. (*Chairman.*) I do not think you have been asked as to the possibility of reducing the number of ships in the trade, and therefor reducing the expenses of the service and consequently the freight. Have you ever thought that was possible or desirable?—That is a matter for shipping companies themselves.

6721. It has been suggested to us that there are too many boats in the trade?—Undoubtedly there are too many boats for the trade that is doing to-day.

6722, You have not considered whether in that way some reduction in freight would be possible?—They could make some reduction very easily. Reductions could be made and the trade still carried on.

6723. Would that be inconvenient?—No.

6724. Do you think your competitors would be affected?—I do not think so.

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6725. There is another suggestion which has been made to us, and that is a modified form of rebate. Supposing every five, six, or seven years there came a time when all rebates were paid over, so that you would get free of the Conference ships every five or six years?—Certainly, I would take that as being better than the present system.

6726. You would take that as a sort of compromise?—Exactly.

6727. Have you any other special point that you have been asked about?—There is one thing. Of course, South Africa is very advantageous in one way, in being a very good centre from which ships having discharged their cargoes can go further for return cargoes. The Bucknall people and the Clan people always go eastward and get their return cargo from the East; I think that should be taken into consideration as well.

6728. We have had that from other witnesses?—Then there is another point I have not mentioned in discussing the rates from New York; there is the extra expense which is involved there. Ships are put to more expense in New York than in any British port. I have a note here with regard to combination, the difficulty with regard to combination in Great Britain is this; you have on the west side Glasgow and Liverpool, and on the east side London, from which goods to South Africa are shipped. Of course, in forming one combination the difficulty is to get regular sailings from both sides.

(Afternoon Sitting.)

Mr. JOHN GARLICK, M.L.A., examined.

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6729. (*Chairman.*) You are a member of the Legislative Assembly, I believe?—I was until three or four days ago.

6730. For whom do you appear?—For myself.

I will ask my friend Sir John Macdonell to take you through the questions you have been so good as to answer.

6731. (*Sir John Macdonell.*) I believe you have been very much interested in the question of deferred rebates and other matters akin thereto for some time?—Since about 1895.

6732. You are in business?—Yes.

6733. Generally, what is the nature of your business?—Textile importer. I am a general importer of textile articles, boots and shoes and clothing more than of rough goods.

6734. Are you to any extent an exporter?—No, not at all—except a little odd shipment now and again.

6735. The main portion of your business is that of an importer?—Yes.

6736. Have you read the answers which have been given by the Chamber of Commerce here to the questions which we have put to them?—Yes, I read them.

6737. Before coming to your own answers, might I ask whether, generally, you agree with them?—Personally, I did not exactly agree with the matter at the time. I was very busy in Parliament, and I read it through, but I did not go into it in any general detail. If I had been able to go to the meeting I would have raised certain points. I do not remember now exactly what they were.

6738. I will pass over that point and deal with your own answers. The first question which you answer in the statement which you have been good enough to prepare is the question, "In what manner and by "means of what documents is the rebate system, so far "as concerns the trade from South Africa, worked in "South Africa?" You answer, "Not being personally "interested in freights from South Africa, I do not "propose to tender any evidence"?—Excepting that I would like a little later on to refer to the return freights from South Africa.

6739. Quite so. For the moment I will pass over that. Then the next point put to you is, "Does or does not "the merchant in South Africa get the benefit of the "rebate (*a*) on consignments to South Africa, (*b*) on "consignments from South Africa?" I may remind you that your answer was: "Generally he does, but in "some cases it is a matter of financial arrangement "between the London agent or the London office of "the merchant in South Africa as to whether part is "retained by the London agent or office for value "given. In other cases the importing merchant in "South Africa who imports on commission and finances "the sub-importer retains a portion or the whole ac-"cording to financial arrangements. In other cases, "where a casual shipment is imported, say, for a "Government or other contract and there is no special "agreement, the importer would either undertake to "deliver at a fixed price or a fixed commission on all "outlays; in such cases the rebate would usually be "retained by the importing merchant." Then you add a sentence, as to which I would like to ask a question, "I believe there are cases where an im-"porting merchant has on a casual shipment "retained the rebate, and the party the goods "were imported for felt aggrieved because he did "not get a refund of the rebate." Is that last case of frequent occurrence?—I do not think so. I only know of one, where a farmer up-country complained to me on the matter. He had imported some fencing wire or something of that description, on commission, through a merchant in South Africa, and later on he found there was a rebate and he had not received it, and he felt aggrieved.

6740. Do you think the case occurs so often as to make it worth while to make provision for such a case?—I do not think so.

6741. I think it has been suggested by the Chamber of Commerce here that a notification should appear, either in the bill of lading or in the freight note, of the fact that a rebate is due?—In cases of this description the bill of lading rarely, if ever, gets into the hands of the individual concerned. I cannot conceive how any man in South Africa who has lived here for the last 15 years and has been in business at all, is unaware of the fact of the rebates.

6742. In your view, this contingency is scarcely worth providing for?—I think it is scarcely worth providing for.

6743. Then you are asked, "In what cases, if any, "have rebates been forfeited in South Africa?" and your reply to that is, "It is generally understood that "in all cases where merchants made agreements with "Houston's, the rebates were forfeited," and then you refer to evidence given by Mr. Behr of a case in which a firm had unwittingly consigned goods to his firm in Durban?—It should be "a firm in Glasgow had con-"signed goods to his firm in Durban."

6744. ". . . . and the rebates of his firm were held "to be forfeited as well as the rebates of all other "firms in different parts of South Africa, for whom "their ordinary shippers acted as agents, notwith-"standing the arrangement with the South African "Merchants' Committee in London that the other cor-"respondents or marks of a merchant or agent in "London should not be penalised because one client "broke away." Of that case you have no personal knowledge?—I was sitting on a Commission when Mr. Behr gave evidence, and it is recorded.

6745. Then you say, "There were other similar cases "in Cape Town (of which evidence can be obtained) "about the time Houston's made their contract."?—I know the names of the firms who told me their rebates have been forfeited.

6746. Somewhere in 1902?—I think it would be in 1902.

6747. Have you known any comparatively recent instances of actual forfeiture?—I have not known of any since about that time.

6748. Or have you known of any instances in which, while the whole of the rebates have not been forfeited, some sort of composition or fine has been exacted by the Shipping Conference?—None have come under my personal notice from that date. I would like to say

that there has been no opportunity because there has been no competition to the country.

6749. You anticipate what I was going to ask you. That, you suggest, is because the shippers have had actually no opportunity of shipping in any other way?—Yes.

6750. Then comes a matter upon which I should like a little more information. You say. "I was personally threatened with confiscation of rebates of a "considerable amount because a party from the Orange "River Colony, who without any advice or previous "intimation consigned a shipment of furniture to me "as a forwarding agent by the Houston Line." Explain a little more clearly what that question was?—The first intimation that I had of anything of the kind was a notification from the agents of the Union-Castle Company that we had forfeited our rebate. I made enquiries for the reason why, and I found that a shipment of furniture—comparatively speaking, a small shipment—was coming by one of the Houston boats, consigned by a lady in the Orange River Colony who was visiting England and had purchased furniture, and knowing nothing at all about shipping and having no agents or anything of that description on this side and knowing our firm, with whom she had done some business, it occurred to her, "Mr. Garlick is a safe "man to send this furniture to," and she sent it to us.

6751. Was the threat carried out?—They threatened, and I explained the circumstances of the case to them, and they said that if I would write an apology and undertake that such a thing should not occur again they would not forfeit my rebates. I told them I would see them hanged before I would either write the letter or do anything of the kind, because, I said, I was not in a position to control anybody from consigning goods to me without my knowledge, and I also pointed out to them that I would rather forfeit my rebates, much as they were, than have to write such a letter.

6752. What happened after that very intelligible answer?—I heard no more about it.

6753. And your rebates were not forfeited?—No.

6754. Can you recall any instance similar to this, or have you exhausted the cases of the kind?—That is the only experience I have had. These things were current talk in the town, but I am confining myself to what I know.

6755. The next question that is put to you, and it is an important one, is, "What objections, if "any, have you to the system of Rings or Con"ferences"?—I do not know whether you have taken any evidence at all upon this question of the steamship companies forfeiting rebates or threatening to forfeit rebates in 1902, when they had already come to an arrangement with the London Merchants' Committee that they would not do such a thing.

6756. I shall be glad to hear what you have to say on that point?—There was a considerable amount of discussion, about 1898, with reference to this matter, and the London Merchants' Committee, who are mainly shippers and interested in, perhaps, a number of merchants, felt, and they saw, the danger that if one of their marks broke away and the whole of their rebates were to be confiscated, it would be an unfair penalisation, and they made representations, and after some considerable amount of correspondence and negotiations an arrangement was come to, which was agreed to, and we were informed on this side by the London Merchants' Committee to the effect that one client breaking away should not endanger the rebates that were due to their other marks.

6757. We have had some evidence to a similar effect, amongst others, from Mr. Soper upon that point?—The point I want to make is this, that, notwithstanding they had come to a definite agreement on this point, in 1902—or, at any rate, the time when Mr. Jagger, Wilson, Son, & Co., Store Bros., Baker, King, & Co., and Brown, Lawrence, & Co., and others broke away and made contracts with the Houston Company—they attempted to enforce this.

6758. Your suggestion is, that, after this understanding had been entered into with the Conference Lines and the London Merchants' Committee, they, nevertheless, sought to enforce their point?—That is to say, they broke faith with their own undertaking.

6759. The cases of such breaches of faith, you think, were about 1902?—It was the time that the contracts were made with the Houston Company. I cannot remember the exact date.

6760. You do not suggest that any threats of that character have in recent years—since 1902—been made?—Because there has been no occasion for them.

6761. I am not saying that there is not a reason for it. I am only asking the fact. Have you anything further to add upon that point before I pass to Question 4, which deals with your objections to the system of Rings and deferred rebates? If you do not mind, I will take you, in some detail, through these reasons. You first say, "It is the outcome or use of the power "the system and deferred rebates give that I object "to. The system and deferred rebates make it possible "for the Conference or Ring (*a*) to impose their will "on the individual or the community." In fact, a man has, under the present system, practically no choice; he must ship by the Conference Lines?—In consequence of those deferred rebates I have been penalised to the extent of between £20,000 and £25,000 as against my neighbours within the past five years.

6762. How do you make that out?—Importers who do exactly the same class of business as myself, who compete with me day by day in the market, get their rates of freight at 32*s.* 6*d.*, where I pay under the present conditions 45*s.* 8*d.*; and I pay 33*s.* odd where they pay 23*s.* 9*d.*

6763. What class of favoured persons are you speaking of?—I am speaking of merchants who are in the same class of business as myself. I do not wish to mention any names unless you desire it.

6764. Would you mind giving one or two names to the Chairman without stating what they are?—That is the main one. (*Handing in paper.*) It is under the Houston contract.

6765. Putting aside that class of favoured customers, are there any others?—I say, "To impose their will "on the individual or the community." They impose their will upon me to such an extent that I am compelled to ship through them; I have absolutely no option, and I am compelled to do it in the face of a loss of some £20,000 to £25,000, and you will know that the compulsion upon me is very serious when I forfeit that money.

6766. Then you say that it enables them "to act "arbitrarily and unjustly." Have you in your mind any precise instances of arbitrary action other than that which you have already described?—According to a report by the South African Merchants' Committee in March, 1900, they charged their friends who shipped from the United Kingdom 30*s.* for cement, and they were carrying it from the Continent by the allied steamers at 18*s.*

6767. That is an example of what you mean by arbitrary action?—Yes, this is an example.

6768. Have you in mind any instances in which——?—I would like to say, also, that they have raised their freights without notice.

6769. That is what I was going to ask you. Do you mean by that that they have acted arbitrarily in raising their freights without giving due notification?—That is also one reason.

6770. Have there been instances, so far as you know, of their refusing to carry certain goods tendered to them by particular persons who incurred their enmity?—I only know that from hearsay.

6771. You have no case within your own experience?—As far as I know, I have not incurred that particular enmity to that extent. I would like to give some other instances. The general tenour of their compact of 1893 was that they should protect the loyal shippers. I would like to give Sir Donald Currie's interpretation of that compact. In writing to Sir Gordon Sprigg on the 25th August, 1902, he said: "In "consideration of this support from merchants, the "shipowners allow the commission referred to; they "guarantee regularity of sailings, and a full supply "of tonnage"—the words I wish to draw special attention to are, "They also guarantee equality of rates to "such merchants in the even of opposition." He also wrote a similar letter to Sir Albert Hime on the same date. I want to emphasise the point that Sir Donald Currie understood that compact to be a

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guarantee to merchants and others that they should protect their interests.

6772. That, you say, is the construction Sir Donald Currie put upon Clause 4 of the agreement of 1893?—Yes, and I say that during the Houston opposition, so far as Cape Town was concerned, they gave—after some considerable amount of agitation and worry and trouble—concessions in certain classes of freight to Cape Town, but they did not give us any rebate—that is, they did not make these concessions go back to the time the opposition commenced. As far as the Port Elizabeth rate was concerned, I got one-fifth of my freight rebated to the extent of 20 per cent.

6773. On the ground that the Houston tonnage was only about one-fifth?—Yes, but I want to point out that the name I have mentioned on that piece of paper, who works alongside of me and whose competition I have to meet every hour of the day, was able to get the whole of his freight at the lower rates—25 per cent. below my rates.

6774. I assume there was some correspondence between you, or persons situated as you were, and the Conference in respect to this very point. What was the justification set up by the Conference Line for its construction of Clause 4?—I have some correspondence which took place at the time. It is rather voluminous.

6775. Will you give me the substance of the reasons alleged by them?—I think the sum and substance was that they could not afford the loss.

6776. Were any attempts made by the Conference Lines to carry our your construction of the contract, and were difficulties experienced in carrying out that construction?—There was an attempt made as far as Cape Town was concerned; and, looking at it from their point of view, considering that they gave more rapid voyages and that they gave more chances of shipping and a better class of ship, and that as far as Cape Town was concerned they met us fairly during the time the opposition was on, and if they had from the date that they did meet us gone back to the time the opposition had commenced, I do not think we should have had any just cause to complain. It did not altogether protect us, but reasonable protection was accorded us, so that the competition was not so severe; but, as far as Port Elizabeth was concerned, they did not fairly and reasonably protect us.

6777. You ship to Port Elizabeth?—We ship all our Transvaal goods to Port Elizabeth.

6778. And no concessions similar to those made to Cape Town were made?—There was a concession made on the whole of the cargo to Cape Town; there was a concession made on only one-fifth of the cargo to Port Elizabeth. My competitor got the whole of his cargo carried at the lower rate, and as the difference in freight means anything from 1½ up to 10 per cent., it meant that he could land certain classes of goods 5, 6, 7, 8 per cent. cheaper than I could, and as a large section of my trade is done on a 2½ per cent. commission you can see that I am absolutely killed. For 35 years I have been in this country trying to build up a trade. I have built up a trade, and Sir Donald Currie comes and, by imposing his will upon me, takes away my business and gives it to a disloyal competitor.

6779. Might I ask you whether or not you were legally advised that you had, under this Clause 4, no rights such as you describe?—Do you mean me, personally?

6780. Or persons in your position?—I hold, very strongly, indeed, that we had a legal right to stand by the compact, but I was in this country, they were in England, and my agents in the meantime had accepted certain rebates from them that I think legally would have put me out of court. When they saw they did not intend to carry through Clause 4 of the 1893 compact, they adopted another system when the opposition from the Houston Line first commenced, and they returned us certain sums of money on certain classes of cargo. Why they returned the money, how they got at the figures, and what cargo it was, and why it was, we were not in a position to find out. They said they were entitled to give us a rebate on any goods of a similar nature that were shipped by a ship leaving a week before or a week after. So if I got 5 tons of bedsteads coming out on a ship on the 5th June, and within a week of that time some of my competitors got bedsteads by the Houston boat, they would rebate me an allowance on that 5 tons, and as our agents on the other side had accepted cheques when they were sent round to them, I believe that my legal rights were thereby changed.

6781. Probably you had been advised that there had been a consent to the variation of the contract?—I think that was the position. I have several other points that illustrate this matter.

6782. Please mention them. I have come as far as (c) where you say they were able to take advantage of the compact and to disregard the acknowledged intention of the compact when it suits them financially or otherwise?—I say, that up to the time of the Houston competition they took full advantage of the compact. They took, what we believe to be, extraordinarily high rates of freight at times when steamers could be chartered at very low rates in England. They took advantage of the immense amount of cargo that came out at different times, they penalised us by keeping our cargo in Southampton and in London for five and six weeks.

6783. Would you stop for a moment to explain how and when that was done?—There was more cargo than the ships of the Union-Castle Company and the ships that they were prepared to charter could carry. I say, they took advantage of the compact at that particular time, and refused to allow us to ship by any outside boat, and they penalised us in that way also. I have a list here, which I came across accidentally, which was sent to me in November, 1902, which shows that in 14 days we had over 800 cases of drapery, valued at £25 to £30 a case, equal to from £20,000 to £24,000, shut out of the extra steamers. 152 packages shut out of the "Raglan Castle," 150 out of the "Gordon Castle," 224 shut out of the "Greek," 81 out of the "German," and 92 out of the "Gaika." These are quite apart from the mail steamers. They could not carry the goods themselves and they would not allow us to——

6784. Of what time are you speaking?—Between October 30th, 1902, and November 13th, 1902. That is a weekly list of shut-outs. My point is, that they took advantage of us at this particular time, and I say they have taken all the advantages of the compact, and they have disregarded the acknowledged intention of the compact.

6785. I am not in any way minimising your point, but I should like you to add, if you can, whether or not of recent years there have been any "shut-outs," to use your expression?—Not recently.

6786. I may take it that the shipments are made in recent years with, on the whole, remarkable regularity?—Yes, of recent years, but my point is, that if there was sufficient cargo they would treat us in just the same way again, because they have us in their grip.

6787. Do you wish to add anything further in explanation of (c). If you do not, I should like to ask you a question upon it. Would it not be better if the rights and duties of both parties were in some document, more intelligible and less ambiguous than the compact of 1893?—So long as we are in a position to enforce what we believe to be right, or to leave the shipping companies, we are satisfied, but so long as there are deferred rebates——

6788. I am not forgetting that point?—So long as they have the power they have at the present time, we cannot make any arrangement with them.

6789. My question waives the merits of the deferred rebates. As a business man would you not see your contract put in plain terms, which anyone who runs may read, rather than in the form of this document of the 9th March, 1893?—I thought I could understand that quite plainly.

6790. Do you think it is quite satisfactory?—I should have eliminated one or two things because they retain the whole of the rights to themselves. I think the words are, "whenever they are satisfied the case "demands it."

6791. That is one phrase, but apart from that might I call your attention to the fact that there is no obligation here to do many things which perhaps you would think desirable?—On the part of the shipping company?

6792. Yes. If you tell me you think it is satisfactory——?—I do not think it is satisfactory, but my point is this, that we have no freedom of contract, and until we have freedom of contract I do not see that we can make any arrangement.

6793. Then I will pass to the next point which you make, which is that this system enables the companies to get out of their equitable moral and legal obligations and in fact to do whatever they consider to their own advantage, irrespective of the rights or interests of others or of the community on which they live. In other words, that they are monopolists?—I say it was equitable that they should have protected us loyal shippers as against disloyal shippers, and the deferred rebates enables them to get out of their obligation. The moral position I think is explained in Sir Donald Currie's letter to Sir Albert Hime, and I believe probably the legal position.

6794. Then you give various objections to the system, and perhaps I may call your attention to the chief of them. You first of all say the rates of freight have been looked upon as too high, considering the market rates for chartering from time to time. For the moment would you mind confining your attention to the present time. Would you say that the rates to-day were too high?—I should say decidedly so.

6795. That would apply to all the classes?—I have not much knowledge of the third and fourth classes; I am speaking of first and second classes.

6796. You think, as regards the rates for Cape Town and the other ports, the rates applying to the first and second class are too high?—I think so, certainly.

6797. What is the criterion that you have in your mind. There being no competition, it is difficult to get at a criterion, is it not? What facts have you in your mind which make you think that the present rates are too high?—I should be glad if you would kindly take that at a later time. I have not got my figures quite in the right order here.

6798. Certainly. Perhaps I had better do the same with regard to the relative rates of freight. I will pass over it for the moment. Then you speak of the unfair working of the system and the arbitrary action of the shipping companies. Have you already explained what you mean by that, or have you some other facts in your mind?—I think perhaps I might answer Question 1. You are asking for recent dates. I have sent down copies of a memorandum of this description. (*Producing document.*)

6799. (*Chairman.*) It is 11 years ago?—Yes, I was going on to take up from that. I will not go into these details if you do not wish.

6800. (*Sir John Macdonell.*) Will you first tell me what you know so far as the present state of things is concerned. I am not forgetting the facts that are mentioned in your memorandum. Have you in your mind any present or recent facts with respect to chartering or otherwise, which show that the present rates are too high?—Not direct facts.

6801. What are the indirect facts?—I have a circular, issued from New York, which gives the rate of freight from New York at the present time.

6802. For what class of vessels?—For the same vessels, the Castle Line, the Prince Line, and the Clan Line; the same class that come here and the same individual vessels at times. The freight to Cape Town from London is 44*s.* 7*d.*, plus 2½ per cent., making it 45*s.* 8*d.* The freight from New York to Cape Town is 36*s.* 3*d.* for the same class of goods. From Montreal, 31*s.* 3*d.*

6803. At the present time?—At the present time.

6804. You are sure that these statements are true at the present time?—It is headed, New York, September, 1907. It is issued by Crossman's every week.

6805. For what class of goods?—The class of goods is entered in the margin—clothing, dry goods, leather and leather manufactures, medicines, musical instruments, organs, stationery, turpentine, &c.,

6806. (*Chairman.*) Organs are not very important, are they?—American organs are very important articles here.

6807. I see you have got hardware?—Hardware would go under Class 3, Class 4, and Class 5, I suppose.

6808. (*Sir John Macdonell.*) We have here a statement—it is true it relates to Algoa Bay—but it is a recent statement, and according to that statement English soft goods are 42*s.* 6*d*, American 38*s.* 9*d*?—42*s.* 6*d.* plus 10 per cent. minus 5 per cent. is 44*s.* 7*d.* plus 2½ per cent. is 45*s.* 8*d.* to-day. Port Elizabeth is 44*s.* 7*d.*, whereas Cape Town is 45*s.* 8*d.*

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6809. And hardware, does your quotation enable you to speak with regard to that?—Yes, hardware, blacking, canvas, cord and rope, glassware, hardware, hollowware, lamp goods, lard, lubricating oils, ploughs, tinware, and so on, from New York 31*s.* 3*d.*, and from Montreal 27*s.* 6*d.* That class of stuff from England is 31*s.* 6*d.* to Port Elizabeth and 31*s.* 6*d.* plus 2½ per cent. to Cape Town. There are certain unclassified goods from New York 27*s.* 6*d.*, Montreal 25*s.*, that are 31*s.* 6*d.* plus 2½ per cent. from the United Kingdom.

6810. Does your quotation show tinware in crates?—No.

6811. I have a quotation for Algoa Bay—22*s.* 6*d.* for England, as against 33*s.* 9*d.* for America?—I have not the slightest doubt that you can pick out individual items of that class, but at the present moment it is, practically speaking, impossible to get a classification of goods from the shipping companies.

6812. That is a matter I shall have to ask you something upon a little later on?—Then I will only indirectly refer to it at the present moment. We are not able to get a correct classification from America either, so I have not been able to give these details the same as I did in the memorandum of June, 1896. I think if you will turn to page 5 of that memorandum you will find the details. I gave a whole list which were third class at that time from America at 22*s.* 6*d.*, and they were in the second class from the United Kingdom.

6813. I am not going in detail into your interesting memorandum, but I was going to ask you whether or not these differences in the classification, as between America and the United Kingdom, still existed?—They have been largely remedied as the result of the agitation in 1896, but still there are some of these differences at the present time, and whilst you point out one that is against the United States merchants, I can point out another that is against the British manufacturer. Chairs and desks are classified in the English classification as Class 2, under the heading of furniture; they would cost us 32*s.* 3*d.* from England to Cape Town. At the present time from New York they cost 25*s.*, and from Montreal 22*s.* 6*d.*—that is to say, they are in Class 3.

6814. (*Chairman.*) Chairs 25*s.*?—From New York, yes. I would like to draw your attention to this. This is Crossman's report. This is Peabody's report. They state freights by steamers subject to change without notice; they also state, "There is no fixed "basis of rates at present; rates fluctuate from day "to day, and vary according to the article of mer-"chandise shipped; rates quoted above are approxi-"mate and simply quoted as a guide to shippers," but that refers more particularly to cement, carbide, soft wood lumber, meal, flour, corn, barley, buckwheat, oats, sugar, coffee, wire nails, doors, staves under deck, staves on deck, Quaker oats, canned meats—that refers more to that description of goods which do not to a large extent come into competition with the British manufacturers.

6815. (*Sir John Macdonell.*) Do you think it is a serious defect that the Conference Lines issue no authoritative classification?—I should like to suggest that it is the means whereby they—I do not know whether you have learnt the word "verneuk" in this country yet.

6816. I can anticipate what it means. You think that ought to be remedied?—I suggest this, that if there is no stable classification, and they will not issue a classification, that if I come to them to-morrow and I have got a sufficiently large shipment and, for some reason or other, I can bring sufficient pressure to bear upon them, they will alter their classification for the day.

6817. Do you suggest that that is done?—I suggest that that is the way I should do it if I were in their position.

6818. I am asking you whether or not you have evidence that that actually is done?—I was just going

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to ask if I might, perhaps, give you a letter for your personal information, to read, but, perhaps, I had better not do so.

6819. (*Chairman.*) Do exactly as you please?—I cannot publish it, and so it is, perhaps, better I should say nothing at all about it. I do not wish to convey an impression upon your minds that you cannot call rebutting evidence against.

(*Chairman.*) Certainly we will see the letter if you like to show it to us. It will not be published. I think it is preferable now that you have made that statement.

(*Witness.*) When I received that letter, I understood that letter to say to me that they were prepared to make a special bargain with me. (*Handing in letter.*)

6820. (*Sir John Macdonell.*) You do not mind leaving that letter with us. It will certainly not be published?—No, not at all. I understood from that letter that there was a suggestion to give me special advantages.

6821. It is upon that letter mainly that you base your statement?—My statement is to the effect that the non-issuing of a classification is unsatisfactory to the bulk of the merchants, because there is no stable classification. We do not know from day to day what the classification is.

6822. That statement has been made again and again. Will you sit down; it would be much perferable if you sat down; and any matter which you have omitted in your evidence you can call our attention to afterwards?—Sir Donald Currie made a statement to the effect that there had been 60 alterations in the classification, comparatively speaking, recently. I say that, absolutely, I am not aware of 10 or 5, but I am not in a position to know whether I am getting the advantages of this classification or not. I want to say, further, that, comparatively speaking, recently—within the last two months—I wrote home and asked if they would furnish us with copies of the classification, and our firm at home approached every shipping firm interested in the trade, and they declined to give one, and they said they had come to an agreement that they would not give it. I want to point out that why we wrote for that classification was because one of our marks came to me and complained to me of the excessive cost of importing a certain class of goods. I turned up the freight he was paying, and he was being charged first-class rates of freight for it. I knew that it was not first class; I thought it was third, and investigation showed that it was second class. In trying to get some information for this Committee, three or four days ago, I asked for an invoice of some Dundee goods, and the invoice was brought to me, and the cost of importing. I asked the shipping clerk to bring me the freight note, and I found we were being charged 42*s.* 6*d.* for it. The rate is 30*s.* The two instances that I am speaking of now, I suggest, are errors pure and simple; I do not suggest that they are anything more than that, but I want to show that, in these two, that have come to my notice recently, they are errors which we cannot correct because our marks have no copies of the classification.

6823. I think you have made that point very clear, and I will now pass on to some of the other points which you make. "(5) The want of freedom to take "advantage of opportunities when the Ring cannot "carry out their obligations. (6) Their want of keeping faith with loyal shippers, which has transferred "trade from loyal to disloyal shippers. (7) The feeling "that certain individuals and firms get advantages "indirectly. (8) The giving of preferential contracts "to municipalities and mining companies." Are you opposed to any advantages being given in the way of freights to the municipalities?—I say it is detrimental to the interests of the country.

6824. Would you say the same as regards the Government consignments?—I say that it puts the merchants of the country in an unfair position.

6825. You would be in favour of treating all shippers alike?—For the same class of goods. If I can import a cargo of rails I should get it at the same price as the Government.

6826. You make no exception in the case of special goods which are not usually stocked?—Those particular goods I should have a classification for. If you take rails, the classification for rails may be 16*s.* If I want to ship rails I know that 16*s.* is the price.

6827. You would treat them all alike?—Yes, but of course there are certain classes of goods that only the Government and only municipalities may require, but if any merchant does want to come in—take for argument's sake the question of the municipality wanting to import a large number of drain pipes. The agent for the municipality may buy them from "A" at a given price; some contractor or agent in Cape Town may be able to buy them from "B" or "C," equal in quality, at a lower price; "B" or "C" have absolutely no opportunity of taking advantage of their special knowledge or connections, because the municipality has got this special contract.

6828. In other words, local tenderers may be shut out by this system?—They absolutely have been shut out.

6829. You think for that and other reasons this mode of preference is objectionable?—I am not saying that a local man should have an advantage over anybody else. I only say, "Put him in the same position "as the man in England, the United States, or any-"where else."

6830. Then you add to these reasons another—"(9) "Alterations of classification not generally notified, "and except a favoured few, unable to get immediate "notification." Then you say, "I consider under the "past and present working of the South African Ship-"ping Ring the disadvantages have outweighed the "advantages." Then the next question that you were asked is, "Has the effect of the system of deferred "rebates and of the South African Ring been to divert "trade from the United Kingdom to the United States "of America or the Continent of Europe?" Your answer is, "Yes." I may call your attention to the fact that the Chamber of Commerce, dealing with the same question, gave us their opinion that they were not aware that the effect of the deferred rebate system had been to divert trade to the United States and to the Continent of Europe?—I do not agree with them.

6831. Just mention some of the reasons why you do not agree with them?—There are the reasons given in that memorandum, in which I show very clearly, on pages 6 and 7, how certain classes of trade have been affected. Take the first line, clothing has jumped from nothing in 1895 to £5,000, and has gone up to £16,000 in 1906. If that is followed all the way through, you will find what is the percentage of increase.

6832. I do not invite you to go into details. We shall have your memorandum before us. Must you not admit that these increases are to a large extent due to the circumstances that the American goods are cheaper or that they are better adapted to the wants of South Africa?—That is an influence. Take an instance of clothing or boots. I have a record of a shipment of Dungaree clothing, which is largely used in Johannesburg and Rhodesia for miners. The freight on the American shipment is £1 3*s.* 3*d.*, and the freight on the English shipment is £4 0*s.* 2*d.* This was on August 12th, 1904. The freight would be about £2 10*s.* to-day from Montreal and about £2 17*s.* from New York.

6833. Have you dealt largely in that class of goods?—Yes.

6834. Do you think the difference in the freight which you have given there would affect first of all the importers' demand for English or American goods?—My correspondent from Johannesburg points out that the then preference of 2½ per cent. which the country gave to British manufacturers is more than neutralised by the additional freight that we pay, but it does not have the same effect to-day as it had at that time.

6835. Is this a statement which you have prepared continuing the figures which you gave here?—Yes. I will put in the figures. (*Handing in statement.*)

6836. Continuing your answer, I do not propose to read all of it because it will be before us, but I call your attention to this statement in your answer: "In "my own personal experience, apart from general trade, "a specific shipment of steel girders of over 500 tons "weight was imported from the United States on "account of the freight—when the quotation of manu-"facturers in England was lower than in the United

"States. Special negotiations with the Union-Castle "Company for quotations failed to get equivalent "rates." Can you tell me a little more about that?—It was our large building at the bottom of Adderley Street. It was built on the American plan of construction. We had the plans drawn out; sent the plans to America and to England, and we got quotations from England for the steel and from America. The quotations from Middlesbrough were appreciably lower than they were from America. I negotiated with the company here for the rates of freight; 25*s.* was the lowest that I could get from England; I got it at 17*s.* 6*d.* from America, and because of the rate of freight making an appreciable difference in the price, the contract went to America.

6837. That, you say, is a clear instance in your own experience of diversion?—That is a clear instance in my own experience about diversion.

6838. Passing to a question, which to some extent you have already answered, "Do you consider the "rates of freight from the United Kingdom to South "Africa and from South Africa to the United Kingdom "to be excessive?" your answer is, "In consequence "of the lower rates of freight . . . "——?—I would like to point out there is another instance—with regard to cement. I have referred to the cement question once. The United Kingdom rate was 30*s.*, and the Continent rate was 18*s.*

6839 That is some time ago?—It has been running over a series of years.

6840. Cannot you from memory tell me the substance of the matter?—I cannot remember the dates.

6841. Give me approximately the data?—The two dates run over a difference of five years. This was the 11th October, 1905; the other date is on the corner there, when the Merchants' Committee took up the question of freight. From 1900 to 1905 this question has been more or less cropping up. I am not interested in the cement trade, but it is a very large trade to this country and it is diverted to foreign countries when there is an appreciable difference in the rate of freight.

6842. Turning to Question 6, you answer it by saying that you consider the rate of freight to be excessive. "1. In consequence of the lower rates of freight that "did and do prevail from the United States of "America, where there is absolutely no return cargo. "2. The average rate current from the United Kingdom "to Australia and other ports where Conference rates "are in force. 3. The information given me that the "quotations by Houston's were satisfactory paying rates "and the various contracts made by them." Stopping at these words: "The information given me that the "quotations by Houston's were satisfactory paying "rates," might I ask what in effect was that information and by whom was it given?—It was given to me by their agent in Cape Town when he was negotiating with me to make a contract with them.

6843. He assured you that these rates were from the point of view of the company paying rates?—Yes.

6844. Is that the only information you have upon the subject?—No. Mr. Lloyd, the managing partner of Bucknalls, told me on the 15th March, 1906, that 30*s.* per ton for first-class cargo with a combination of cargo like rails at 16*s.* a ton would pay cargo steamers well, and they would be well satisfied to get 30*s.* for first-class goods.

6845. Might I ask you how this information came to be given to you?—Mr. Lloyd was in my office in Cape Town, and we discussed the question of rates of freight. We at one time made an arrangement with their firm to take our first-class cargo, when their rates were lower than the intermediate ones. They carried it on two ships. They were soliciting further cargo, and we went into this question, and that is the statement he made to me.

6846. He assured you 30*s.* would be a paying rate for first-class cargo?—Yes. He made it at 11.30 a.m. on the 15th March, and I made this memorandum at 12.45 p.m., so that there should be no question of misunderstanding in my memory.

6847. The further reason you give for the excessiveness of the existing rates is, "The lower rates that have "been given to Governments, municipal corporations, "and mining companies." Whether these are remunerative rates may be doubted, may it not, Mr. Garlick?—I do not suggest that the fighting rates were remunerative rates, but an offer was made to the Governments early in 1904—or about that time—to carry at an all-round rate of 20*s.* for Government goods, first, second, third, fourth, and fifth-class goods, and for the general public at 22*s.* 6*d.*, and it was offered for five years.

6848. We have had some information upon that point. I will not linger over it, but I will pass to question No. 7, which is, "Are you aware of any pre-"ferences (secret or other) in the matter of rates having "been accorded to favoured merchants or importers, "which are not accorded to all?" You mention the special terms given to the Government; you mention the contract made with the Cape Town Municipality; the contracts made with Wernher, Beit, representing a large number of mining houses; and with Lloyds and Lloyds. Do you mean Stewart & Lloyds?—I think the firm's name was given as Lloyds & Lloyds, as far as I remember. They are manufacturers of pipes.

6849. It has usually been described as Stewart & Lloyds. Apart from these classes of preferences, as to which we have had a great deal of evidence, can you think of any others?—I am not quite certain whether the point has not slipped my memory that you wanted me to refer to.

6850. You mentioned three classes of contracts?—Yes. I am aware of a preference that was offered to Crossmans & Bros., of New York, of 10 per cent. as a secret commission provided that they would not give it up to their clients. Crossman & Co. told me that themselves, and I am one of their clients.

6851. When do you suggest this offer was made?—I could not give you the date, but it is not recent. It was before the Houston competition.

6852. I should like something a little more recent if it be known to you. Do you know of any contract of recent times other than those specified here? May I take it that you do not?—I do not think so.

6852A. Almost the last question you were asked is, "Would it be practicable for South African merchants "to combine and charter tonnage in the open market "for their consignments." I will not read your answer; probably you have it before you. May I take it that it comes to this, that, looking to all the circumstances, you do not think it is practicable?—I think it is practicable, but it is a very difficult thing to carry through. It is hardly practicable.

6853. That period that you speak of has already arrived, has it not?—I think the stock farmer is in too good a position in this country at the present moment to trouble very much about it, but when the price of wool is reduced from its present high rate, and they begin to feel the pinch of the times, then they will begin to look at the question of freights. When money rolls into one's pocket you do not bother about these things.

6854. To-day, and for some little time to come there is no prospect of such an arrangement being made?—I do not know of any.

6855. Then the last question that you are asked is, as to your opinion of the remedy? and you say, "I "do not know anything likely to be more effective "than the proposal put forward by the South African "Shipping Freights Conference in Johannesburg in "August, 1904." You have these proposals before you; have you anything to say about them?—No, I have nothing special to say about them. I should just like to refer to Mr. Spens's evidence. He was referring to the competition. Questions were asked him with reference to what would happen to the British shipper provided laws were made regulating the deferred rebate, and how he would meet the competition with Germany if no law was made in Germany.

6855A. What have you to say about that?—I would suggest that if laws are made in England on the rebate question, we at this end—and when I speak of we I speak of what I believe to be the Australian Colonies and all parties at the other end as against England—will be only too pleased to fall into line so that the Germans would have absolutely no opportunity.

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6856. The difficulty that was put to Mr. Spens was, if the deferred rebate system remains legal in Germany, then the German shipper will have a hold over his customers which the English shipper will not have over his?—The point I wish to make is this, that if it is made illegal in England, we should be only too pleased to copy the laws and make it illegal on this side, so that the German shipper will have no opportunity of coming in.

6857. That is your answer. Have you considered what would be the effect if laws abolishing the deferred rebates were passed in South Africa without any corresponding legislation in England?—Except that you penalise the shippers in the way we suggested, by the harbour dues, I do not think they would be effective, for the simple reason that we could make arrangements with our friends in England.

6858. Have you considered what would be the result of some modification of the rebate system; first of all shortening the period within which the deferred rebate is held. Do you think that would be a good change?—Anything in that direction is a tendency to an improvement, but it is not going to satisfy people so long as the rope is round their necks.

6859. What would you say to a change under which it would not be possible for the Shipping Conference to forfeit rebates beyond a certain point—a system under which a balance should be struck from time to time and the Shipping Conference have no control over more than a certain portion of the rebates. Would you welcome such a change?—They have no control at the present time over more than a certain portion of the rebates, but that portion is about 15 months.

6860. Supposing that a balance were struck at short intervals, and the Conference were unable to go behind the period at which the balance was struck?—It would be very much better for us to have the money, because if the balance is struck and we have not got the money we have to go to law to get it probably.

6861. You read Mr. Spens's evidence?—It was lent to me and I read it through hurriedly.

6862. Mr. Spens also threw out another suggestion, which, shortly stated, was to this effect. The shipper of the goods was, notwithstanding the terms of the circular of the Shipping Conference, to be able to recover the rebate in the hands of the shipping company, except so far as he has damnified the Shipping Conference by breach of contract. Do you follow the point?—Yes, I think I follow the point.

6863. What do you think of that suggestion made by Mr. Spens?—I think it would be very difficult for me to go to London and in the Courts of Law of England to fight the shipping company. It is next to an impossibility; for all practical purposes it is so.

6864. If the obstacle was the necessity of going to London, might it not be suggested that similar powers should exist in the Courts of South Africa?—We might have the Courts here, but unless they have property here, which they do happen to have at the present time, to attach, we could not do anything. If it were some outside German Line we wanted to get our rebate against, we could not attach anything unless we could attach a ship coming into port.

6865. You see difficulties in the way of that?—I see difficulties in this way. A very large merchant, whose rebates run into thousands of pounds, might be inclined to fight, but the smaller merchant, whose rebates only run into a few hundreds of pounds, could not possibly fight the shipping companies.

6866. Then we have had various proposals as to the formation, according to some suggestions, of a consultative body, which would represent the interests of importers, exporters, Governments, and shipping companies. What would you say to such a suggestion?—I think we would be much better off if we could fight our own battles. I do not see how such bodies could inflict their will upon the shipping companies.

6867. Then other witnesses, anticipating your objection, have suggested that this body should not merely have consultative powers, but should also have powers of compulsion similar to the powers exercised by the Railway Commission in England. Have you thought of such a suggestion?—No. We have a consultative body in the London Merchants' Committee.

6868. Do you think that fairly represents the interests of South African merchants?—I do not think so at all. The London view and the South African view are totally different views, and I see Mr. Soper was unable to account for the feeling there was on this side.

6869. Have you any difficulty in accounting for it?—Well, £20,000 accounts for a good deal.

6870. (*Chairman.*) I think you have given very complete evidence, and I have not many questions to ask you. As regards your answer about the feeling in South Africa, is it not the case that your strong feeling in this matter depends a good deal upon there being one or two Houston contracts giving preference still in existence?—Before this I have always felt that the country was more or less being penalised, if I may say so, by the class of ship that is being used. In my opinion it appears that they are doing the same thing as if one of the English railway companies were to commence to carry minerals and coals about with an express train.

6871. Does it not affect your mind in this matter that it is a very annoying thing to see a competitor getting preferrent rates?—It naturally is so, but I feel that when I have built up a business for 35 years in this country, and a disloyal competitor, who is a personal friend of mine, is able to sell his goods from 1, 2, 3, 4, 5, to 8 per cent. difference, it is unfair, and, naturally, it brings a sort of personal feeling into the matter. If I could penalise Sir Donald Currie to the effect that I could take £20,000 out of his pocket, he would feel it.

6872. Will not that preference come to an end in a very short time?—Yes. Still, I have lost the £20,000.

6873. You do not go on having the risk of losing it?—Of course that does come to an end—at least, as far as we know. It may not come to an end.

6874. That does, of course, annoy you very much, indeed?—I do not know that I feel particularly annoyed; I feel that I should like the money.

6875. I did not understand that you had any real remedy to suggest except the propositions of the Johannesburg Conference, which are rather difficult to apply?—I think they are very difficult. I may say that, personally for the last two or three years I have not taken very much interest in the matter. One gets very little help, very little sympathy, and has things said about one that are not true. I do not know any day of the week but what my shipments may be stopped. I may be absolutely ruined to-morrow. I am at the will of Sir Donald Currie.

6876. For that reason you would be glad to see some sort of arbitration or some sort of consultative body that would look to your interests?—Instead of the arbitration and consultative body, I would like to see laws made so that no one set of individuals, however powerful, and however honest in their intentions, and however liberal they may be, should have the right to control other sets of individuals who have not the same powers.

6877. Would not that be a difficult Act to draw?—I am not a lawyer, but I believe, to a large extent, they are fighting this thing in the United States, and I think they have a very much more up-hill task to fight there than we have at the present time.

6878. Should we have to extend that to all sorts of trusts and companies and Rings?—The longer one lives the more one begins to see that the strong are getting stronger and the poor are getting poorer and the weak are getting weaker, and that there are a few big men, a lesser number of smaller men, and I think it is not in the interests of the country.

6879. You do not say the poor are getting poorer, do you?—I mean in this sense, that where there were at one time a large number of small business men, relatively, there are more employees of one large firm nowadays.

6880. That is a general argument of yours against these great trust companies and an argument for legislation to hit all trusts?—That is the feeling I have growing in my mind as I get older, that that is what it will have to come to eventually.

6881. Did you follow the London Conference of 1905-6? Did you follow the draft agreement that was proposed there?—No, I did not. I have got the Blue Books, but I have never read them through.

6882. So that it is no good my asking you your opinion upon that proposed agreement?—I have got a general idea—what I have picked up from the newspapers.

6883. That would have kept the rebate system, only under control?—It would be a distinct advantage on the present position, and anything that is an advantage on the present position is better than nothing.

6884. I gather besides your objection to the present system on account of pocket, you have a psychological objection—you do not think it is dignified?—I do not think it is the correct position.

6885. That you should be under the control of a Conference?—If we could every three or four years have a chance of reviewing the whole position and call for tenders in the market, and if we found we could not do better, we would be satisfied; but when one is bound down to another, there is always a tendency to feel you could do better, even if you could not do better. Things may be irritating and vexatious, when really, if you had your own free will, you would not improve on the position at all. It is quite possible.

6886. It is possible that if you passed severe legislation you might be in a worse position?—I quite agree.

6887. You might go out of the frying pan into the fire?—I quite agree.

6888. So that you seem to be inclined to look with favour upon the suggestions that have been made about a modification of the system—a small term of years?—I have no faith to believe that a modification of the system would be carried out if it did not pay the companies. I have no faith they have not done it in the past.

6889. Do you not think they could be bound by agreements? If the Governments of South Africa made agreements with them do you not think they could bind them?—I think they would be very foolish from their own point of view, whilst they hold the position they do, to make any agreement. I would not. It would be very nice if we could get an agreement which was a fair and reasonable agreement, but we cannot force them into that agreement.

6890. You think there are a great number of people in this country who have these same strong feelings and opinions about it as you have. You do not think you are at all alone in the opinions you have expressed to-day?—There have been a large number of resolutions passed at various Chambers of Commerce—I do not know whether they have been put before you—with reference to the decision that we came to in Johannesburg as to how we should penalise the shipping companies, and I think the feeling was also intense in about 1903 and 1904, but I do not think the feeling has been so intense the last year or two.

6891. To what do you attribute that?—Because we have had so many other troubles to attend to. We have felt to some extent that we have fought our battles and we have done our level best, and we have not accomplished any real nett result, and we are now waiting for what this Commission is going to do. We are standing by for the time being.

6892. If, as you say, there are as many grounds for the strong feeling now as there ever was, do you not think it would be to the advantage of the companies to meet you, because they would be in a better position with the people of South Africa?—Do you think the slave driver of old ever thought much of what his slaves considered? Do you not think we are in the position to have to be thankful for what we get?

6893. Then you have no hope from what the Conference will do for you?—Considering the position Sir Donald Currie has taken up quite recently—in this particular Conference in London proposals were made for reduced rates of freight, and to all intents and purposes he made certain proposals for reducing the rates of freight. They were not considered satisfactory here. Later on at his own will or at the will of the Conference Lines they imposed additional rates of freight, and they penalised this Colony as against Natal. Later on, when the Harbour Board considered that as they were losing money they must re-impose dues which they originally got from ships, he claps an extra 2½ per cent. on the shippers. We are not being treated with any consideration to-day.

6894. You mean the Cape and Port Elizabeth are not being treated well, as compared with the other ports?—As compared with the other ports, but I am speaking particularly about Cape Town. The Harbour Board have been losing money for some considerable time.

6895. We know the facts?—The point I want to make out is that Sir Donald Currie does not consider the position. He simply says, "I will put 2½ per "cent. on the freight," and he does it with a stroke of the pen. We are not considered in the matter at all.

6896. You think you ought to be considered?—He might say, "This is an unfair position; we should like "to discuss this matter, and we will show you by "argument that you are not doing what is fair and "reasonable and just." If they had argued the thing out and they got the best of the argument, we should have to give way. But it has not come to argument at all.

6897. Yet you do not think there would be much good in a consultative body?—I think all the power is on one side.

6898. How can the power be all on one side?—We have a consultative board at the present time in the London Merchants' Committee and the shipping company, who meet in conference from time to time and arrange tariff classifications and various other matters. The arrangements that are made are always to carry out the will of the steamship companies.

6899. You do not then think that that London Merchants' Committee represents you properly?—I do not believe that any committee that we could have in London could represent us to get equitable consideration.

6900. Your Governments here could represent you, could they not?—If you were to see the correspondence I have seen that has taken place between the Government and the London Agent-General and the shipping companies, and the cablegrams that have been sent from this side to try and enforce the will of the Government, and how little influence it has had, you would have seen how impotent we are.

6901. I do not think you are quite as pessimistic as you seem to be. You are inclined to favour some sort of compromise?—I am in favour of anything that will improve the position, because it is something gained.

6902. (*Sir John Macdonell.*) You mentioned something about the ships being too good for the trade. What did you mean exactly by that?—I do not wish to teach the shipping companies their business, but, from my point of view, it is rather expensive for them to carry cargo by the class of boats that they have. We have a first class mail service, of which I say nothing at all against. We have a first class intermediate service. The type of ship would have been quite good enough for this country if we had not been catered for too well.

6903. It is a rare form of complaint?—I think we have been catered for too well, considering the circumstances of the country. Of course, what things were a few years ago, probably warranted them believing that something was going to happen. Look at Adderley Street. Look at my own building. I put up a ten-floor building, because I thought the circumstances warranted it. To-day I am very sick over it. I cannot impress my will upon other people and take the money out of them the same as Sir Donald Currie does with us. I should like to put in some other papers. This is a return showing the imports into South Africa from 1895 to 1906, from the United Kingdom, and also from the United States. (*See Appendix XIX.* (*b*).) A point was endeavoured to be made out in Mr. Maclay's evidence in which it was said that the percentage from the United States was 13 per cent. in 1903, 10 per cent. in 1904, and 7 per cent. in 1905. These figures were not correct. The percentage from 1905 was 8·3. If you will take 1903 imports from New York, they were £4,537,000, in 1906 they are £1,500,000; in round figures they have come down by two-thirds. From Great Britain the figures have come down, in round figures, from £21,000,000 to £10,000,000; that is, to a trifle less than half. I want to suggest that the trade was enormously increased from the United States by the competition and the low rates of freight in 1903; that, since rates have been more nearly assimilated, the United States have lost two-thirds of their trade, as against Great Britain only losing one-half. When

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Mr. Maclay was giving his evidence, a point was tried to be made that, notwithstanding the competition from the United States, the trade was going down from the United States; but the trade was going down more in proportion from the United States, I would suggest, because the competition has to a large extent ceased, and the rates are more nearly assimilated. I suggest that the assimilation of rates has done it. I would like to suggest, also, from this statement that the trade from about 1895 to 1898 jumped up enormously in consequence of the rates of freight that were then current in the American trade, and the classification as detailed in that memorandum of mine—that after that time the rates were more nearly assimilated and the trade commenced rather to proportionately decrease again from the United States. I want to suggest that whenever there has been extreme competition and cutting of rates from the United States, the trade has enormously advanced. When the rates have been more nearly assimilated it has gone down, and I think that this return, if closely studied, will show that very clearly.

6904. (*Chairman.*) Of course, there might be one or two other causes?—I quite agree there might be contributing causes, but I have gone through the thing very carefully, and I belive there has been a largely increased trade in consequence of and when low rates of freight were current.

6905. (*Sir John Macdonell.*) In what particular articles?—This gives the gross. This gives the details. (*See Appendix XIX. (a).*) I would suggest that you take a few lines like cutlery and hardware; you will see that the trade enormously increased. It gives the trade from the United Kingdom and United States in 1890, 1895, 1898, 1903, and 1906, and you will see what an enormous increase there was in 1903 when the competition was on. You will see that, proportionately, it has gone down very much more than the English when the rates have been more assimilated. Cutlery and tools, and so on, are lines in which the Americans do wonderfully well, and when their rates are really materially lower than from Great Britain, the trade naturally is influenced.

6906. (*Chairman.*) Is it not the case that in a number of American goods they have taken great pains to understand the demand here. They have produced goods exactly suited to this country?—That is so, and that is why I suggest that the trade has always been a large trade; you will find that even in 1890 it was a trade of £25,000, and it has always been a large trade proportionately.

6907. Do you know the American trade personally?—We do a certain amount of business here, but it is not the business I was trained to.

6908. Several of these articles, such as agricultural machinery and hardware of various descriptions, implements, and tools—we know that there are large trusts in America that export at a cheaper price than they will allow the consumer there to pay. Is not that also helping American competition?—That does help the competition and helps it at all times, but what I want to suggest is, that the trade in several articles was so much larger from the United States in 1903 than in 1898 or in 1906.

6909. So was our trade very much larger?—I want to suggest that the proportion of British trade is now down by about half and the American trade is now down by about two-thirds, excepting in certain articles. If you follow the first line you will find it has gone up, that is clothing.

6910. That is a small thing?—We must not neglect small things. We have all been small once. Taking fencing wire. That has always been a large trade, but in 1890 £60,000 came from England as against £10,000 from the United States. It has gone on gradually. In 1903 it was £38,000 from the United Kingdom and £41,000 from the United States. To-day it is £48,000 from the United Kingdom and £58,000 from the United States.

6911. Is not that helped by a Trust?—I am told that the margin is just in favour of the United States, but the rate of freight, when lower from the United States, gives it the preference. You will see the two things are fighting almost on even lines, and a little difference in the rate of freight takes the balance of the trade.

6912. This is a very interesting table, because not only do you give the percentages, but you give the actual figures. So many people come before us with percentages, which are very misleading?—Yes. You will find that memorandum gives the actual figures and the percentages as well. Have you had any evidence on the return freights?

6913. Yes. You have not anything to do with that, have you?—I have not anything to do with it, but I took out a return of the amount of homeward freights from the statistical register.

6914. We shall have the figures of the statistical register put in, but if you have anything taken out on the same line as these figures which you have handed in, I should be glad to have it from you?—I could give you a copy of this. I would like to say that in some cases this is only an estimate. This gives the articles that we export, the amount in pounds, tons, cwts., or ounces in the case of gold, and it gives the value, the rate of freight as supplied to me by other people. The amount is plus 10 per cent. My clerk has reckoned out gold on a wrong basis. It should be 5*s.*, with 2*s.* 6*d.* rebate.

6915. 7*s.* 6*d.* minus 2*s.* 6*d.*?—7*s.* 6*d.* minus 2*s.* 6*d.* rebate. Sir Donald Currie says there is no return cargo. I take it that something like £350,000 to £400,000 worth of return freight is a considerable item.

6916. That is your estimate?—My estimate is about £362,000.

6917. (*Sir John Macdonell.*) Could you correct that and give us a copy of it?—I will do so. (*See Appendix XXXIII.*) Have you gone into the question of the relative rates of freight from South Africa and from Australia?

6918. (*Chairman.*) Yes. We have had a great deal of evidence on that point?—I have some figures here which show on various shipments the difference between the rates of freight outwards that I pay on various classes of goods compared with the freight that my competitors pay.

6919. That is still on the preference contract question?—Yes. With regard to this letter that I handed in, I must say when I first read this letter I thought an offer was being made to me. I have read this letter over again, and I have come to the conclusion that possibly I was mistaken; so that I think the probability is that I am mistaken, and I would rather take that view of the question than otherwise.

EIGHTEENTH DAY.

General Post Office,
Cape Town,
Thursday, October 3rd, 1907.

PRESENT :

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

Sir SOMERSET FRENCH, K.C.M.G., examined.

6920. (*Chairman.*) I think you are Postmaster-General?—I am.

6921. Is that a political office?—No, I am a permanent official. I should like to make the preliminary statement that, although I have endeavoured to reply to the best of my ability to the printed questions that have been handed to me, I have no official connection with the question of freight, and any opinions I have expressed in my replies must be taken as purely my own personal views and not in any sense the views of the Government.

6922. Of course you are at liberty to reply to any questions that are asked you, or you can say it is not cognisant with your position and you would sooner not reply, or if there is anything you are willing to give us confidentially, not wishing it to be published, you may do so. We can hear you confidentially afterwards if there is any special point you want to bring out. First, I wanted to take you through your brief, not reading it all to you—there is a good deal that will be very useful for reference—and then asking you questions at certain points. The first question is "The extent and nature of the cargo "imported by the Government." You give information about the cargo imported by the Post and Telegraph Department only?—I have no information as to what is shipped on behalf of other Departments, but I understand that there will be witnesses from other Departments who will supplement the information I have given.

6923. We should like to get information as to the amount and the value of the Government imports and the proportion which they bear to the total imports of the Colony both in tonnage and value?—I believe the witness from the Railway Department will be in a position to give you that information.

6924. Then you enumerate the various articles and you give figures for five years, not quite complete, I think. What is that period—1906-7?—From the 1st July, 1906, to the 30th June, 1907—the financial year of the Colony.

6925. You say that is incomplete?—When I furnished my reply we had not all the information as to what had been shipped by the Agent-General.

6926. So that £6,000 is not the total for that year?—No, it is not.

6927. For a period of nearly five years you get a value of £126,000? What is a Cape ton?—The Cape ton, that is 2,000 lbs. to the ton.

6928. With 8,165 short tons and freight paid £5,532?—You will observe that the volume and value of the shipments have diminished very much. That is, of course, owing to the present bad times. Expenditure has been cut down to the lowest possible limit.

6929. Does that mean that you have less business in the Post Office?—No. It means that practically all telegraph construction, except what is absolutely necessary, has been discontinued. *Sir S. French.* 3 *Oct.* 1907.

6930. These materials are chiefly for construction, I suppose?—The greater bulk would be construction—telegraph poles, wire and telegraph material generally, besides Post Office stores.

6931. Everything has been put off till better times?—All but absolutely necessary works have been deferred.

6932. So that the annual value of the imported material has gone down from £60,000 in 1902-3 to just over £6,000 in the somewhat incomplete period 1906-7?—That is so.

6933. "The methods by which the shipping business of "the Government is conducted, and more particularly "(*a*) whether shipments are made by the Conference "Lines as a matter of course or whether tenders are "invited in the open market; (*b*) whether the Govern-"ment is bound by the rebate system; (*c*) whether the "Government is accorded (under contract or otherwise) "lower rates than those accorded to merchants, and, if so, "what is the extent of such preference?" Then you say "The regulation of Government shipments is to a "large extent in the hands of the Agent-General for the "Colony. The terms and conditions of shipment have "varied from time to time." You next quote the ocean mail contracts of 1888. I do not think we need go very closely into that because it is rather ancient history now?—I referred to that contract because it is practically the only ocean mail contract that had a freight clause in it. That is why it is important.

6934. You say "The Company binds itself not to "charge for such shipments higher rates of freight than "they shall charge to merchants for similar descriptions "of cargo and further the Company shall allow to the "Cape Government 15 per cent. by way of rebate off the "total of freight" That is the important clause is it not?—That is the important clause.

6935. That was at the time when there were two mail companies and you were to give half your shipments to each?—That was the case. At that time the annual value of the freight paid to the companies was £100,000: it was rather a large sum.

6936. Rates were higher then, I suppose?—Rates were higher, but it is important to note that there was a charge of 10 per cent. for primage in addition to the rate and that the 15 per cent. was subsequently taken off.

6937. You first added 10 per cent., and then you took 15 per cent. off the whole plus the 10 per cent.?—That is so.

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6938. There is a clause here "But the Cape Govern- "ment shall be at liberty to despatch any portion of such "store or material as cannot bear a steamer rate of freight "by sailing vessels first giving the option to the company "to convey the one-half of such stores or materials at "sailing ship rates of freight." Was that for coal and cement?—Yes; I presume for coal and cement.

6939. I suppose that at that time you had far more sailers on the berth for South Africa than you have now? —I believe so. In fact, at one time coal used largely to reach here in Italian bottoms.

6940. Sailing ships?—Sailing ships.

6941. Then you quote the merchants' rates, which are higher than at present?—That is so.

6942. You have told us that the average annual payment to the two companies was £100,000. Then you put in a letter about the division of the shipments between the two companies. I do not think we need to go into that. Then you say "The mail contracts of 1888 expired on the "30th September, 1893, when it was decided that all "reference to Government freight in the next mail con- "tracts entered into with the Union and Castle Steamship "Companies should be omitted, and since that date "independent provision has been made for the shipment "of Government stores." Were you cognisant of the reason why the Government freight was omitted from the next mail contract? - It was the wish of the Government at that time in office, supported I believe by a resolution of Parliament.

6943. To keep them distinct?—To keep the freight question entirely out of the mail contract. The Union and Castle Mail Steamship Companies used to have an exclusive right to carry Government freight, and as it was a very important source of revenue to them they endeavoured to secure a renewal of the privilege with an option to share shipments with the other Conference Lines. But the other Conference Lines, if I remember rightly, did not particularly desire such an arrangement to be entered into and it was eventually determined that freights should be absolutely excluded from the contract.

6944. Then you say "The last arrangement entered "into by the Colonial Government was based on an agree- "ment made by the Crown Agents for the Colonies and "was for the period from the 19th of February, 1904, "to the end of the following May with option to the "Government of extending it for a period of six months." That is the contract which is at present in force, is it not?—That is so.

6945. It was extended from six months to six months. "It was subsequently extended for a period of six months "and again for further similar periods up to 30th of June, "1907, when, failing agreement, it lapsed"?—In the month of September it was again revived and is at present in force until the 31st of March next.

6946. It did actually lapse?—It did actually lapse and the Government was making arrangements for the shipping of its freight by chartered steamers, but within practically the last few weeks the Conference Lines came to an agreement with the Government to extend the same arrangement for a further period ending the 31st of March next. I have just received a letter from the Government to that effect.

6947. This contract is the same that we have come across in connection with other Governments?—It is the freight contract made by the Crown Agents, for the Colony, with power to extend it to the Cape Colony and the other Colonies in South Africa.

6948. (*Sir John Macdonell.*) February, 1904?—Yes.

6949. (*Chairman.*) If you turn over two pages you will find there is this clause about heavy lifts, under which you pay an extra rate of 2*s.* 6*d.* for every additional ton or part of a ton. That is considerably less per ton than is paid by merchants and ordinary people?—I am afraid I can give you no information on that point.

6950. You have had nothing to do with this contract? —Nothing whatsoever, excepting to be advised of its contents and that the Agent General will ship goods for the Post and Telegraph Department in accordance with the rates laid down therein.

6951. Then you say, "At the present time the Govern- "ment is making independent arrangements for its ship- "ments." I suppose this was written before you renewed the contract up to the 31st March?—That is so.

6952. You say, "Particulars in regard to intervening "arrangements between 1893 and 1904 can doubtless be "obtained from the other Departments of the service, "more immediately concerned," and you also say, "So far "as I am aware the Government is not directly affected "by the rebate system in regard to its own shipments, "nor has it at all events of late years been required to pay "primage. In the absence of any special agreement with "the 'Conference Lines' it would doubtless come into the "category of an ordinary shipper." In fact, you are bound by the contract and nothing else, I suppose?—If the Government has no contract I assume that it comes into the category of an ordinary shipper.

6953. "Lower rates than those accorded to merchants "are usually paid by the Government when a fixed agree- "ment is entered into"?—Yes, for example, the agreement now in force or the agreement concluded in the mail contract of 1888.

6954. "Under the mail contract of 1888 the Govern- "ment, as already explained, was allowed 15 per cent. by "way of rebate off the total of its freight payments, and, "under the last freight contract, rebates varying from 10 "to 20 per cent. according to the nature of the cargo were "conceded on merchants' rates less primage." I suppose you have not gone into the question carefully as to what the exact advantage is that you get over the merchants?— It all depends on the article you may be shipping.

6955. How would it work out in an ordinary year. Would you be getting 10 per cent., or 15 per cent., or 20 per cent.?—I am afraid I cannot answer that question because I have not the necessary data before me to make the calculation.

6956. You go on to the question as to "Whether "regular sailings and stable rates are regarded as essential "or desirable by the Government from the point of view "of administration, and, if so, whether such regular sail- "ings and stable rates are in the opinion of the Govern- "ment only obtainable under the rebate system." You say that you are not in possession of the views of the Government on these two questions?—That is so.

6957. You say, "There would seem to be no doubt that "regular sailings and stable rates are as advantageous to "the Government as they are admitted to be to the "mercantile community." Is that quite so, do you think. I suppose it is true to this extent that for the purposes of the estimates of your Department you want to know what you are likely to have to pay in the year?—Certainly.

6958. But you have not got to live by it. You are not competing with other people. To the merchant it is a great advantage to know that his competing neighbour is not getting cheaper freights for similar goods to those which he is sending out himself?—To that extent he certainly derives an advantage which would not apply to the Government. There is no competition in the ordinary sense so far as Government shipments are concerned.

6959. Regular sailings I suppose are of advantage to you?—Certainly.

6960. You get a great many sailings under the present system. You are well served in that respect?—Always two a week—either by mail or by intermediate steamer of the Castle Line and then there are all the sailings of the other Conference Lines.

6961. You say "As to whether regular sailings and "stable rates are only obtainable under the rebate system "is a question upon which opinions differ. It is a well "known fact that about 180 of the leading steamship lines "trading with all parts of the world have adopted "the Conference principle." Where did you get that fact from?—In reading the evidence in the Blue-books.

6962. You do not say the deferred rebate system; you say the Conference system. You mean some sort of Conference?—There are, I understand, about 180 companies that have adopted a Conference system including "rebate." The terms of the rebate vary in different cases.

6963. You can have a Conference without having a rebate system can you not?—I understand so.

6964. "Whatever the opinions of opponents of the "system may be it seems clear that in the face of such "influential support the system could only be modified or "abolished so far as shipments from the United Kingdom "are concerned by Imperial legislation and even then the "effect might be prejudical to British interests." That, I suppose, refers to proposals which have been made for legislation in South Africa?—That is so.

6965. "The modern tendency in every trade and occu- "pation is in the direction of combination for mutual

"protection, and in the face of this fact it is difficult to "see how it would be possible to select steamship enter- "prises for special prohibitory legislation." Do you mean by that that if you are going to legislate you must legislate against all trusts and combinations?—I think great objection would be raised to legislating for one industry or enterprise to the exclusion of all others.

6966. Do you not think that the conditions are rather exceptional: that people living out here have to get their goods sent here and are in the hands of this Conference of shipowners?—They certainly are in the hands of the shipowners.

6967. It is a necessity for them. They are necessarily bound to the shipowners?—Unless they sacrifice their rebates. I understand that some of the importers are in favour of a modified rebate system.

6968. "If steamship lines are not to be permitted to "combine for their own protection they would be exposed "to the competition of every tramp steamer that offered "to take cargo at lower rates." Then you say, "Tramp "steamers have no fixed time of sailing are in the majority "of cases of an inferior class to the regular liner, and can "as a rule be worked at much lower cost. They are not "bound to return by the same route and can therefore "when discharged proceed to any port where payable "freight is to be obtained." You personally are in favour of the present system to a great extent?—I cannot say that I am in favour of any system. I am merely here stating how the matter strikes me. It is not my business to favour any system.

6969. Your opinion is——?—I am merely stating the considerations that appeal to me. I believe that a properly regulated rebate system might be to the advantage of the Colony. I mean properly regulated as to the amount of the commission and the length of time it may be withheld. I deal with that point later on, in my written evidence.

6970. You see the danger if you get right away from the rebate system and get to the system of open rates and tramp competition?—I think you would not be able to keep out foreign competition, because it naturally would be to the interest of many people to import at the cheapest rate, and if the foreign ship offered a much lower rate than a British ship there are a good many people who would patronise the foreign ship.

6971. But you get foreign ships here now, do you not?—Quite so, but the importer here who is under agreement with the Conference Lines cannot make use of them without sacrificing his rebate.

6972. He can make use of the German Conference Line; he can get goods from Germany?—Yes, if the ship is in the Conference. But supposing there was no Conference and you had an Italian line coming here charging very low rates of freight, the importer, if he was not in any way bound, might patronise that line to the exclusion of British ships.

6973. Of course you know that we have been told that the present system favours the importation of German goods which come at a through rate of freight from an inland German town?—I think that is another question.

6974. Then you give other reasons why the present system is fair—that capital would not be invested by the public in undertakings unless there was some security?—I think that stands to reason.

6975. "Open competition in some aspects would also "be of doubtful benefit to the Cape Government and the "mercantile communities at Colonial ports for with an "open market it would be difficult if not impossible to "preserve the differentiation of rates between the various "South African ports." You say, "Under the 'compact' "at present in force with the 'Conference' Lines." Do you refer to the compact with the Merchants' Committee of London?—I do.

6976. The compact of 1893?—Yes.

6977. "Regularity of sailings on fixed dates, full or "empty, the non-shipment of cargo on ship's account "(with the exception of coal), the provision of sufficient "tonnage for the homeward conveyance of South African "produce and, to a certain extent regular and maintained "rates with protection against outside competition, are, I "believe, secured." Have you heard complaints that all these clauses are not kept strictly to?—I understand from what I have read in the papers that the Conference Lines have not afforded full protection to the importer here when there has been opposition, as in the case of the opposition of the Houston Line.

6978. You have read it in the papers but it has not been brought to your notice otherwise, officially?—I have absolutely no official connection with this subject at all. As I pointed out at the beginning, I was asked to reply to certain questions and I have replied to the best of my ability.

6979. Then you comment on the disadvantage there might be to the small importer if there were these open competition rates. You say, "The balance of advantage "seems therefore to be with a properly regulated rebate "system"?—That is my opinion.

6980. "Under ordinary conditions it might be thought "that if the Conference Lines were earning an undue "profit, competition would arise. In the past this has "been the case, but it is now, I believe, contended that "the Ring is so strong that it can keep out of the trade "any but the most powerful opponents with resources "sufficient to maintain a freight war for a lengthened "period and an ultimate prospect of admission to the "Ring." You have heard of no threatened competition from outside sources of late years, I suppose?—I do not think it would pay anyone to come into the trade at the present time, whatever the future may have in store for us. I believe the Houston Line have not run steamers in this trade since November of last year.

6981. I suppose you have got too many steamers here now?—That is unquestionably so.

6982. Then you say, "It has been suggested that the "mercantile community and the several South African "Governments might combine for the purpose of "chartering their own steamers or for the support of a "line not in the Conference." You do not think that would be feasible?—In practice I think it would be almost impossible to bring about a satisfactory arrangement on such a basis.

6983. Then on the next page, the first paragraph, you do not even think that if all the South African Governments guaranteed their shipments to a non-Conference Line, the total amount which they would be able to contribute in the shape of freight would be sufficient to enable that outside company to compete successfully?—I do not think so.

6984. Have you gone into that at all carefully?—As far as the information at my disposal enables me to consider the question.

6985. Then the remedy, you say, is the "Adoption of "some method of arriving at a mutual agreement between "shippers and ship-owners as to what are 'reasonable' "rates of freight." Do you mean a formal agreement between shippers and ship-owners?—A formal agreement if it were possible. I doubt if it is possible.

6986. Would it not be difficult to get all the shippers into line because certain people are shippers to-day and there are different ones to-morrow?—That is so. This is purely a theoretical suggestion for settlement. I doubt if it is in any way possible to come to an agreement of that nature.

6987. Then you comment on the question of rates, on the ground that ships have to return to England with an insufficient amount of cargo to pay working expenses. You say, "A compact of some kind appears to be "inevitable and the question therefore arises as to the "form such compact should take and the amount of "protection which should be afforded to the liner to "secure him from unreasonable competition and to enable "him to maintain the service hitherto provided." Would that protection keep the system of deferred rebates?—I presume it would.

6988. Supposing there was this mutual agreement between shippers and ship-owners and tramps came along and offered to take goods at less freight, you would want to protect the ship-owner would you not?—If the importer is to be provided with sufficient tonnage in the homeward direction and regular sailings, I think it stands to reason that he must pay a higher freight than he would in the open market—to secure these advantages.

6989. A little higher?—A little higher. I should say higher to an extent sufficient to enable the ship-owner to provide the service on a reasonable mercantile basis.

6990. You go on to say, "The steamship owner, I "understand, claims that the Conference system is the "only practicable method and I presume it is the object "of the Commission to prove that he is in the wrong."

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Do you think that is quite a fair statement of the object of the Commission?—I understood this Commission was to enquire into whether there was not some other method of protecting all interests, other than a rebate system.

6991. Is it fair for you to say the object of the Commission is to prove that anybody is wrong?—I withdraw that if it is in any way capable of being wrongly interpreted.

6992. The reference is not to prove the steamship owners right or wrong. It is to "Enquire into the operation of Shipping Rings or Conferences generally and more "especially into the system of deferred rebates, and to "report whether such operations have caused or are likely "to cause injury to British or Colonial trade, and, if so, "what remedial action, if any, should be taken by legislation or otherwise." That is the Royal Warrant?—I am perfectly prepared to withdraw that. Of course, it will be understood that a great many people think the Conference system is not the only practicable method.

6993. "If rates are reasonable many shippers and "importers are, I believe, not entirely averse to a continuance of the rebate system, but I take it the general "contention is that the tendency of all Conferences is "towards monopoly and the forcing up of rates to an "unduly high level." Is not that last sentence a little bit extreme. Very often is it not so much the forcing up of rates to an unduly high level as keeping rates from getting to an unduly low level?—From the shipowners' point of view; but from the merchants' point of view the tendency is towards monopoly, and monopoly certainly, as a rule, has a tendency to enhance rates.

6994. But very often you will find in the open market by competition you get rates forced down to some unremunerative figure and then the capital goes out of the trade and you get changes?—My experience is that after a freight war, which largely reduces rates in competition, you have compensating high rates when the rival Shipping Lines come to a final agreement, which I think they always contemplate doing when they enter upon a freight war.

6995. They only take these low rates as a means of getting high ones afterwards?—They are in competition, but they hope when the matter is settled that they will recoup themselves by high rates. That I think is the usual experience.

6996. "Opponents of the system also complain that "there are no means, in the absence of any recognised "standard, of compelling a Conference to lower its rates "if in the opinion of the mercantile community they are "unreasonably high." That has been suggested to us by a good many witnesses, that there is no way in which they can get fairly heard in the matter of rates?—There is no Board of Trade or other recognised standard that would enable you to determine whether a rate is or is not unreasonably high.

6997. I do not know that I should accept the adjunct of the Board of Trade standard?—I say "or other recog-"nised standard." I do not know what authority could define what a standard rate should be.

6998. Then you refer to cable rates. You have to do with that, I suppose?—I originally suggested the "standard rate" system.

6999. You have to get a certain gross income and then after that you reduce the rates when you are secure of that income?—That was the agreement with the Eastern Company, subject to a minimum limit of 2*s*. 6*d*. a word.

7000. I suppose working these cables is very much more simple, is it not, than running ships?—You have only to deal with one company, and the moment you can arrive at what is the "standard revenue"—that is, a gross income that would enable the company to pay a fair dividend and carry a reasonable amount to its reserve fund—an agreement can be made on that basis. I believe such a plan would be practically impossible in the case of six or seven Steamship Lines forming a Conference.

7001. You do not seem to think that the Companies would consent to any closer control than is now exercised by the Merchants' Committee in London?—I doubt if their shareholders would agree to any closer control, unless it was enforced by law.

7002. I suppose it might be the lesser of two evils, and then if legislation was in contemplation they might be ready to come into some system of control or arbitration?—There might be less objection to that, because I assume that any legislation would be on entirely fair lines.

7003. "The steamship owners in the South African "trade I believe contend that even at present rates they "are not earning a fair profit, that rates are much lower "than formerly, and that some of the lines are not paying "working expenses." Are you well acquainted with the rates prevailing compared with those of former years?—I have not been regularly in touch with the question of rates, but I know that rates were formerly higher.

7004. I suppose you have read in the various Blue-books that there has been a number of reductions through changes in classification?—I have read that.

7005. You referred to the present time: I suppose you refer also to the present high price of coal in most markets?—My remark was general. I do not think I referred particularly to the rise in the price of coal.

7006. You say "At the present time, even at present "rates, they are not earning a fair profit"?—That is their intention, but it is mainly due to a lack of sufficient goods to carry. I understand, however, that the rise in the price of coal in England has hit them all very hard. It has, at the same time, to be remembered that the Mail Lines are now using Natal coal, which they get at an exceptionally low rate placed into their bunkers at Durban—15*s*. a ton I believe.

7007. Then you say "The only remedy in my opinion, "assuming that the rebate system cannot be wholly "prohibited by law, would be to limit the amount of the "percentage and the period of time which must elapse "before it is due to be paid." By the percentage do you mean the primage and the rebate from that?—What is termed the "commission." It used to be 10 per cent., and has recently been reduced to 5 per cent. The steamship companies claim that it has nothing to do with the primage: in fact, primage was charged from the earliest days and the commission or rebate is a comparatively modern introduction.

7008. It is the fact, is it not, that the 10 per cent. is still added and only 5 per cent. now paid back under the deferred rebate system since the last few months?—About three months ago, I think it was, the rate was reduced from 10 per cent. to 5 per cent. It was originally 5 per cent. in this trade but was afterwards raised to 10.

7009. You would like to see it reduced to 5 per cent. in both cases, that only 5 per cent. should be charged and 5 per cent. paid back?—I have no suggestion to make on that subject: I merely point out that whatever the rate may be it should be fixed at a level which will not give too much power to the shipowner—that is, will not enable him to withhold so large a sum that the shipper or importer cannot break away should the rates be unduly raised because the sacrifice of withheld rebates would be too great.

7010. You say, "In effect the hold of the shipowner "on the shipper should only be sufficient to ensure the "support of the latter so long as reasonable rates of "freight were charged." You would reduce the period of time which must elapse before this is paid—from six months and six months to what? Have you thought of that?—I have no suggestion to make as to the actual time, but I would like to see a fair balance struck between the two interests—those of the shipowner and those of the importer.

7011. In reply to the question "Whether it would be "practicable for the Government to make arrangements "for the shipment of their goods by chartering steamers "in the open market?" you say, "If delay in shipment "is not a matter of consequence and all the South African "Governments combined, it would, of course, be possible "to charter vessels, but in practice it is found that a very "large proportion of indents sent to England are marked "'To be shipped by first steamer.'" You do not seem to express any strong opinion either way about the Government shipping?—It all depends upon the amount of freight the Governments may have. If they have sufficient to fill up a ship, doubtless it would be the most advantageous arrangement. I believe the Indian Government can always ship independently of any Conference arrangement because of the large volume of goods they have for shipment.

7012. Then you allude to an opinion held by sections of the mercantile community that Governments and Corporations should pay the same rates as merchants and so enable an all-round reasonable charge to be made by the shipping companies?—That is the opinion, I understand, of a considerable section of the mercantile community.

7013. You do not think it is universal?—I have no information on that point.

7014. With regard to "What course has been adopted "by the Government when an Opposition Line has been "started?" You say, "As the Government has had for "some considerable time an agreement with the Confer- "ence Lines it has not been affected by the starting of "Opposition Lines." There has been no effect when an Opposition Line has been started?—The only opposition there has been of recent years has been the opposition of the Houston Line, and I understand that considerable shipments were consigned by that Line during the opposition, but at that time there was no general freight arrangement with the Conference Lines so the Government was in a position to do precisely what it thought best.

7015. As long as you have got your agreement you would not ship by the opposition Lines if they were started?—If you had contracted to give all your shipments to the Conference Lines on receiving advantageous terms, I do not think it would be possible to ship by the opposition Lines.

7016. On the question "Whether it would be possible "for the Government to use their shipments and the mail "contracts as a means to obtain better terms for mer- "chants?" You say, "The combined shipments of all "the South African Governments, if the latter decided to "act in concert, would certainly influence merchants' rates, "more especially if the Governments accepted the conten- "tion of the mercantile community that Government "cargo should pay the same rates as merchants' ship- "ments." Here again, I think, you allowed that there were differences of opinion as to whether Government cargoes should pay the same rates?—If you give the whole of the Government cargo to the Conference Lines it places them in a better position, whatever the rate of payment may be.

7017. Had you anything to do with the drafting of that proposal that came before the meeting of shipowners and Governments in London a year and a half ago?—No, I have never had anything to do with the freight question.

7018. This was not a mail question; it was a freight question. You had not anything to do with that?—I do not quite know to what arrangement you are referring.

7019. To the proposal that came before the Conference in London about a year and a half ago?—The Freights Conference—I had nothing to do with that.

7020. You have not studied the papers?—I have read the Blue Book.

7021. You do not want to express any opinion on the wisdom or otherwise of that proposal?—No, that is a Government question entirely, on which I should not wish to express any opinion, whatever my views might be.

7022. You say, "In 1888 the two mail companies "reduced their charges for the conveyance of the mails "by £30,000 a year, on condition that they were given "an exclusive right to the conveyance of Cape Govern- "ment stores at a discount of 15 per cent. This shows "the extent to which at that time a monopoly of Govern- "ment freight was valued. Some articles of Govern- "ment freight are, of course, for filling-up purposes, "carried at what may be termed non-paying rates, "rails, cement, &c., but this is no doubt to some "extent to prevent their conveyance by tramp steamers. "Whether mercantile freight can be controlled through "a mail contract is extremely doubtful, and it seems "to be the general opinion that mails shall be dealt "with entirely apart from the freight question." Is that your opinion from the mail point of view?—I think it would be very difficult to control seven companies by means of an agreement with one company. As I have pointed out, the mail steamers are a special class of steamers of high speed, whereas the cargo boats are, as a rule, 10 to 13-knot boats of an entirely different class.

7023. You give a number of different considerations here which are all important—"In April last, the "Associated Chambers of Commerce of South Africa "re-affirmed a previous resolution in the following "terms:—This Congress is of opinion that in the new "ocean mail contract the Governments of South Africa "should give effect to the following principles:—(*a*) "That public tenders be called for in the open market. "(*b*) That the new service should provide for greater "speed, equivalent to a reduction of 24 hours both "outward and homeward bound; and (*c*) That the "Governments' freight requirements should be kept "separate and distinct from the mail contract." Is there a great demand here that you should get a reduction of time in the outward and homeward mails?—If the Chambers of Commerce express the opinion of the public, I have no doubt that there is a demand.

7024. You must have met with other expressions of opinion if there is a strong feeling on the point?—There is no doubt that increased speed means increased subsidy, and it is, of course, a question whether in the present state of the finances of South Africa any large additional payment would be justifiable.

7025. Is there not a demand here, for instance, that if you would accelerate the homeward service you could do away with the present inconvenience of the mail coming in and going out in London on the same day?—That is a question which is, of course, under the consideration of the Governments at the present time. I am a member of the Conference which is sitting on this subject, but I am not in a position to give you any information on that point.

7026. You cannot give us any information on that point?—No.

7027. I thought you might tell us whether there has been a demand here lately for a reduction of 24 hours or more in the outward and homeward bound mails?—There has been a demand, but, I take it, it is more from the passengers' point of view than from the mail point of view.

7028. Because, as a rule, the public are not slow to petition and write to the department concerned if they want Post Office arrangements accelerated?—I hold that the present service is an excellent service, especially so far as the Cape Colony is concerned. In the case of the Transvaal they have three or four days to reply under existing arrangements, consequently, they would derive very little advantage if you were to give them, say, four days instead of three, and it might cost, possibly, £100,000 a year more in the shape of subsidy. There is no doubt it would be a very great advantage to the British public to be able to reply by the return mail, provided that it could be arranged for a reasonable additional sum to bring the homeward steamer from the Colony into Southampton on Friday instead of Saturday morning.

7029. Do you say £100,000 extra? That is a very large sum?—The additional coal that would be consumed if the steamers performed the voyage outward and homeward in 24 hours less than the present time, I calculate would be of the value of about £56,000 a year, without making any allowance for bunker accommodation and stokers to place the additional coal on the fires.

7030. Then the last recommendation was, "(*c*) That "the Government freight requirements should be kept "separate and distinct from the mail contract." I suppose the object they had in view was simply to provide for quicker outward and homeward mail services?—A great many people think that the mail contract should be purely a mail contract.

7031. Then you say, "A South African Freight Con- "ference which sat at Johannesburg in 1904 moreover "recommended that nothing in conflict with the "present mail steamer contract should be inserted in "a convention which it suggested the South African "Governments should enter into"?—That was the first Freights Conference.

7032. "It must be remembered that the mail con- "tract is for a service between Southampton and Cape "Town, whilst any freight arrangement would neces- "sarily have to apply to various ports in the United "Kingdom and to all the points between Cape Town "and Delagoa Bay." You give that as a reason against mixing up the two things?—The Province of Mozambique was represented at the conference, and I presume that any general agreement in regard to rates of freight would include Delagoa Bay.

7033. They have nothing to do with the mail contracts?—No. The contract is a British contract.

7034. "That the Portuguese Government would have "to be a party to any general freight agreement, al-

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"though not a party to the joint federal mail arrange-"ment. That the new mail contract will not come "into force until 1st October, 1910, and may be for as "long a period as 10 years"?—The present contract is for a period of 10 years.

7035. You have told us that meetings are being held three years before the expiration of this contract?—Yes.

7036. I suppose in case any new ships have to be built for it?—Some considerable time is necessarily occupied in coming to a general understanding between all the parties interested as to the form the contract is to take, and as the Home Government has to be consulted, correspondence occupies, or may occupy, a period of some months.

7037. You say it may be for as long a period as 10 years. How long was the present contract?—Ten years. Previous contracts were seven years and before that five years.

7038. Do you know anything about other mail contracts—are they mostly about 10 years?—The modern tendency is to lengthen the period of the contract, because with very expensive ships now made use of it is necessary to have a fairly long guarantee of the mail service, otherwise it would not pay to sink the amount of capital that is necessary for building and equipping a fleet of expensive ships. No company would, I imagine, undertake a contract to build a fleet of powerful steamers unless the period was a fairly lengthy one.

7039. Do you contemplate still having the mails as the best passenger boats? You would not separate those two?—They must always go together.

7040. We have had some evidence given to the effect that you might have a system of very quick despatch boats to convey the mails and practically not much else. You never thought that would be possible?—It certainly would not be possible unless the South African Governments were prepared to pay a very high subsidy.

7041. You would have to pay for the whole thing, I suppose?—If the boat carried nothing but passengers and mails and coal, you would have to have a very high subsidy, because when it is not the season here these big mail boats sometimes go home or come out with a mere handful of passengers in them.

7042. They do now?—They do now.

7043. When times are not very good and the season is not on?—Yes. In this trade it is not the practice to lay up the larger boats when the season is over.

7044. You have never thought of any possible separation of the mail and passenger service?—I believe it would be entirely impracticable.

7045. You say, "That the mail steamers are speci-"ally constructed mail and passenger boats capable of "steaming at a rate of from 16 to 17 knots, and only "carrying cargo at special rates in excess of the "ordinary tariff for cargo steamers. That the new "mail contract may be secured by a company running "mail boats only who would not be prepared to run "cargo boats in competition with the Conference "Lines. Any stipulation as to ordinary cargo when "calling for tenders for the mails might therefore pre-"vent any competition with the existing contractors. "That the freight question applies to seven separate "companies running cargo steamers at cargo speed who "have no concern with the mail contract." That is one of the chief reasons in your mind, is in not?—Certainly.

7046. "That tenders will probably be called for the "mail service before this Commission has completed its "labours." You mean the Freights Conference Commission?—That is so.

7047. "That the subsidy payable by the Cape "Colony to the present contractors is shared between "the Mother Country and the South African Colonies, "and objection would certainly be taken to any ad-"mixture of freight and mails which might increase "the subsidy for the conveyance of the mails." You have referred more than once to that—the possible increase of the subsidy—as most undesirable. Is that from the financial position of the South African Colonies at the present time?—To a certain extent, and because if you make the subsidy too high the service would not pay; the general taxpayer would have to contribute towards the cost of the conveyance of the mails.

7048. Then you put in a statement showing the history of the various ocean mail contracts, which is in a tabular form?—Yes. I thought it would be interesting to the Commission.

7049. (*Sir John Macdonell.*) In the first page of your memorandum you state figures for certain years, the first being 1902, showing the value of the articles imported as £60,000, and the last complete year—1905—£17,000. I think from your explanations you intended also to state that the last complete year contained merely the expenses for bare maintenance or little more than that. Is that so?—Maintenance and telephone construction, which has not been suspended. It is merely the construction of additional telegraph lines that has been stopped for the time being. We have a monopoly of the telephone service, and consequently we are practically bound to supply any telephone lines that the public may require.

7050. So far as that year is concerned, it includes bare maintenance for certain purposes and also development works so far as the telephone system is concerned?—That is so.

7051. Was the first year, to which I call your attention and the figures for which were about £60,000, a normal year as far as importations were concerned?—No, it was abnormal because during that time, as considerable funds were available, we were rebuilding many sections of our main telegraph lines, replacing iron wires by copper wires, and strengthening routes which had become overladen with wires.

7052. What I am desirous to obtain is that which does not clearly appear from this table, namely, what in your judgment would be the normal value, say, for the last 10 years, of materials imported?—I do not quite understand your question. Do you mean what would be a fair average?

7053. Yes?—I should think about £25,000 a year.

7054. In other words, the actual figure for 1903-04 was not far short of the normal or average importation?—That is so.

7055. Then on page 5 of your interesting statement you say that in the course of the negotiations it was made clear that the Ministry then in office could not in any way assure to the company any exclusive freight contract. May I take it that in these observations you refer to the correspondence which passed between Sir David Tennant and the Conference Lines, particularly the Union Steamship Company and the Castle Company, as they were then?—I do. I conducted those negotiations personally.

7056. I thought so. Your memorandum refers to the statement in regard to this matter—"you may rely "upon fair dealing, but that the Ministers cannot "bind their successors"?—That was an instruction that was cabled to me by the Treasurer at that time in office.

7057. And the contract was signed after that intimation and other intimations which no doubt you have in your mind were given?—That is so.

7058. You no doubt are acquainted with the general characters of mail contracts as made at the present time and as made recently?—I am.

7059. May I ask whether it is common to insert in mail contracts any provision with respect to freight arrangements?—It is not common in the Imperial mail contracts.

7060. In other words, so far as mail contracts made by the British Government are concerned, such provisions are—shall I say—very rare or unknown?—Very rare, but not entirely unknown, because there is a provision about freight, I understand, in the somewhat exceptional Cunard mail contract.

7061. There is a provision to that effect?—I understand there is.

7062. And that is a comparatively recent contract?—Quite recent.

7063. Drawing upon your long experience in regard to this matter, could you say that the trend of practice is favourable to including freight provisions in a mail contract or opposed to such a tendency?—The Postal Administrations generally, I think, are opposed

to any admixture of freight with mails in mail contracts.

7064. Your first answer, I think, related to the postal contracts to which the British Governments were parties or which they had negotiated; can you say whether there are other postal mail contracts in which there are such provisions?—I know of none.

7065. In the evidence given before us in London it was suggested by more than one witness that it should be a provision in a mail contract that no company receiving such contract should be party to any Conference. What should you say to such a suggestion?—I should say that it would greatly limit competition. It would, I think, obviously greatly increase the amount of the subsidy asked for, because if a Conference system is worth anything to a company it must be compensated for being deprived of that advantage.

7066. In your view, such limitations or conditions necessarily mean an increase in the subsidy?—I think obviously so. The power given to the Conference must be worth something; otherwise steamship companies would not enter into Conferences.

7067. In your view, would the insertion of such a provision in a mail contract be impolitic?—I am a permanent official and do not regulate the lines of policy.

7068. That is not an unexpected answer?—My own personal opinion is, that it would throw a heavy financial burden on my department, which, from a postal point of view, I should object to.

7069. You think that if a cheap mail contract is to be obtained, nothing should be inserted in the contract which does not directly or indirectly relate exclusively to the postal service?—That is my personal view.

7070. In the interesting statement which you append to your memorandum, you give figures as to the length of the voyage taken by the mail contractors at various periods; and you begin by saying that from 1876 to 1883 the length of time was 26 to 27 days?—That is so.

7071. From 1883 to 1888 it was 21½ days or 22¾ days?—22½ days.

7072. In the following period, from 1888 to 1893, the length had diminished to 20 days 18 hours; in the following years it had fallen to 19 days; and under the existing contract the ordinary length of the voyage is 16 days 20 hours?—16 days 15 hours. It was only for the first three years that it was 16 days 20 hours.

7073. You speak, as other witnesses have spoken, of the excellence of the service. Might I ask whether that last period is much the same period, difference in distance considered, as the time occupied in the Atlantic mail service?—The Atlantic mail service is a quicker service, but the Cape service is a faster service than the Australian service.

7074. I do not want, for obvious reasons, to travel too much into this subject, but might I have from you what approximately would be the time taken in the conveyance of the mail to South Africa if the speed obtainable on the Atlantic service were in operation here?—I should say about 12 days.

7075. You have said that the present speed is greater than the speed of the Australian service. Do you happen to know approximately what it would be if the Australian speed were attained?—I think it would be something about 17 or 18 days, but I would like to correct that in my evidence and put the exact figure in for you.*

7076. It is hardly just to expect you to answer these questions, but you can make any corrections afterwards. In one portion of your evidence you speak of a "compact," and the remark that you make upon it is, that a compact of some kind appears to be inevitable. Supposing the Conference Lines decline, as you appear to contemplate possible, entering into that "compact," have you thought what other course might be necessary?—Legislation, I believe, is the only other alternative.

7077. Perhaps, you will give me some assistance with regard to that by and by, but before I come to that subject I would like to know whether you feel at liberty to express any opinion about the preference given to Governments and municipalities as regards freight in comparison with ordinary shippers?—I would rather not express an official opinion on the subject because that is essentially a question of policy which the Government must decide. *Sir S. French* 3 *Oct.* 1907.

7078. You would rather I asked nothing about that, and I can quite understand you have excellent reasons for saying so. Is the matter of regular shipment of goods of much consequence to the Government? I am not speaking of regularity in the sense that they shall come in the course of once a month, but do you require for your purposes that the goods shall be delivered in consignments coming twice a week or oftener?—We very frequently have to cable for telegraph and other material, consequently, quick delivery is of very great importance.

7079. Putting aside the expenses of the upkeep of your various forms of plant, you foresee as soon as the estimates are adopted what expenses will have to be incurred for new works?—As regards the telephone system, you cannot foresee what the demands of the public will be. We do frequently get orders for lines which may be unexpected, and which may use up a considerable amount of the cable of a particular type which we have in stock, and we should have to cable for a fresh supply.

7080. Do you think, as far as that particular commodity is concerned, the convenience of the public might suffer if there were not quick and regular shipments?—I feel sure that it would suffer. There are other departments, I may say, that have urgent requirements.

7081. For example?—The Agricultural Department I know has frequently had to cable to England for special articles in connection with rinderpest and matters of that kind. Every department must have a certain proportion of unforeseen and urgent requirements.

7082. So that you are not prepared to admit that there is a sharp distinction between the requirements of the Government in this respect and the requirements of the ordinary importing merchant or a private individual?—No, I do not think there is in that respect a sharp distinction.

7083. In another part of your memorandum you say that the tendency of Conferences is towards a monopoly?—Steamship Conferences.

7084. Quite so. May I take it that, in your view, there is in fact, though not in law, at the present time a monopoly in regard to shipping matters?—I do not quite follow you.

7085. May I take it, that at the present time there is, so far as the importation and exportation of commodities here are concerned, a monopoly in fact, though not in law?—So far as public freight is concerned, there is practically a monopoly.

7086. May I take, that in fact, though not in law, there is a monopoly so far as freight is concerned as much as you, the postal service, have a monopoly?—No, because the monopoly of the Post Office is regulated by Parliament.

7087. Perhaps my question was too long, and you, very pardonably, lost sight of a word which I inserted in it. My point was, whether in fact, though not in law, the Conference Lines had a monopoly just as much as the postal service has?—In the abstract, both are monopolies.

7088. I am dealing not with "the abstract," interesting though that is; I am dealing with the concrete facts at Cape Town, at Algoa Bay, and at the various South African ports?—There is a practical monopoly so far as the Conference Lines are concerned, unless the shipper is prepared to sacrifice his rebates.

7089. May I take it that that qualification is practically of so little consequence that it need not be taken into account?—I do not think it is of little consequence, because the amount that any leading merchant would be interested in, in the shape of rebate, must be very considerable.

7090. You are rather misinterpreting—very pardonably—my question. My point to you was that the effect of the rebate system was virtually to give the

*The witness subsequently wrote to say the exact figures are 18 days 4½ hours.

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shipper no choice?—No choice unless he sacrifices his rebates.

7091. Which, as I think you are endeavouring to explain to me, would be a thing that he would be rarely inclined to do, especially if he were a large shipper?—He would certainly hesitate if he were a large shipper.

7092. May I take it that that hesitation would be so great that in most cases the shipper would not sacrifice them?—It might be so. I have very little personal acquaintance with the subject, but I understand there is considerable hesitation to sacrifice the rebate.

7093. You have made your meaning very clear to me. Then at another portion of your memorandum you speak of this point, that under a system of free competition "it would be difficult, if not impossible, to "preserve the differentiation of rates between the "various South African ports, and trade would conse- "quently have a tendency to concentrate on the port "offering the greatest advantages in discharge, bunker- "ing coal, &c." I do not suggest that that is not clear, but would you mind illustrating to some extent what you mean by that?—If there were no arrangement such as the various Governments have with the Conference Lines in regard to the differentiation of rates of freight between the various ports of South Africa—as would be the case if there were an open market—it would naturally be to the interest of the uncontrolled steamship owner to quote the lowest rate for the port that gave him the greatest advantage.

7094. So that, in your view, as this process went on the result would be what one might call "the survival "of the fittest port"?—Whatever the most advantageous port might be would, I think, get the bulk of the trade, seeing that there might be a considerable difference in rates.

7095. So that in your view it would be quite possible—I do not know whether you put it higher than that—that the effect of the open freight market after a certain time would be to concentrate all, or the greater part, of the trade in one port—it might be Cape Town or it might be Delagoa Bay. Is that your view?—It might transfer some of the trade from the Cape Colony ports to Natal, where, for example, coal can be placed in the bunkers at 15*s.* a ton.

7096. In other words, you view is that, instead of there being, as there might be under a regulated system, a fair distribution of trade between the various South African ports, under this system of an open freight market you might have the great bulk of the import trade—especially, as I put it to you, of the "in-transit trade"—concentrated at one port?—I refer exclusively to the in-transit trade.

7097. The effect of the open freight market might be to concentrate practically all the "in-transit trade" upon one port?—Uncontrolled steamship lines might be able to quote a lower rate for Natal, for example, than for East London, because many of these steamers go on to India for return cargo. I am afraid that possibly it might somewhat upset the existing arrangements if there was not the control that there is at present.

7098. Of course, I do not ask you to express an opinion as to what the favoured port might be, but your notion is that it might well be that the present import trade to certain of the South African ports might be, shall I say, very greatly diminished under a free freight market?—The present balance might be disturbed. Rates are now point to point rates, I believe, being made up of the steamship rate and the railway rate. You could have no such fixed arrangement, so far as I can see, with an open freight market.

7099. That is another aspect of the same question, if I may be allowed to say so. For the moment, dealing with the effect at the port of entry, you used the expression that the effect of the open freight market might be to "disturb" the balance. Is not the purport of your whole observations that that balance might be very greatly "disturbed"?—It is a question of relative advantage. I take it it would be to the interest of the importer up-country to get his goods by the cheapest route.

7100. I am encouraged by that last observation to ask you what would be the effect upon the importer living in the Orange River Colony or in the Transvaal. How would he be affected by the open free freight market?—It is difficult for me to say. I would rather not express an opinion upon the point. I have not really sufficient experience of the subject.

7101. On page 17 you say—and I ought to add, with various reservations and qualifications—that the remedy seems to be the adoption of some method of arriving at a mutual agreement between the shippers and the shipowners as to what are reasonable rates of freight, and you have told me that in the event of a compact, such as you have sketched, not being arrived at, legislation of some sort would be necessary?—I take it those are the two alternatives.

7102. Have you considered what that legislation, in its main lines, should be?—I have not. I have merely offered these observations because I was asked to reply to certain questions.

7103. Assuming there was this compact or an attempt made to form it, might I ask you who would be the parties to it. Would it be sufficient that the Conference Lines should be the parties on the one side and the London Merchants' Committee the parties on the other?—It is not a point upon which I can express an opinion.

7104. I venture to ask you this further question, and I shall not be surprised if you are unable to answer it. Have you formed any opinion as to whether the London Merchants' Committee fairly represents the interests and opinions of the exporters and importers here?—I am afraid you must ask the importers themselves. I cannot say.

7105. That is a very just observation, if I may be allowed to say so. You stated, I think, in answer to my friend—you will tell me if I am wrong—that in your view the Conference Lines had too much power. Did I misapprehend your meaning?—It is averred by some that they have.

7106. If you tell me you would rather not express an opinion upon that, I will not press you?—I would rather not express an opinion on the subject.

7107. (*Chairman.*) There is one subject I want to ask you about. In this supplementary information, with regard to the arrangement made in October, 1888, you say, "This was the first Cape contract under "which the parcel mails were included with the "ordinary mails." Can you give me any idea of the importance in bulk and value of the parcel mails?—I have not got the figures with me, but I can supply them.

7108. Do you think you could give them to me?—I can do so, most certainly.

7109. My point is this; diamonds are carried as parcels mails, are they not?—No, by letter post.

7110. Do you receive the freight?—We receive the postage on those that are posted in the Cape Colony. Of course, there are now large shipments of diamonds from the Orange River Colony and the Transvaal, but the amount of postage on the total shipments of diamonds in the year is a very small sum—about £300 a year, I should think.

7111. There were £7,000,000 sterling worth of diamonds exported from the Cape of Good Hope in 1905?—The postage is at the letter rate of postage of one penny per half ounce, and a diamond is a very light thing.

7112. You get that freight but you do not pay anything to the shipping company for it?—Nothing beyond the ordinary subsidy.

7113. This payment of £135,000 includes all the parcel mails?—Yes, the parcel mails outward and homeward.

7114. If you can give me the value of your parcel mails would that figure show the total value?—I can give you the value as declared for customs purposes, and the weight.

7115. I suppose from your knowledge, you could say in what particular goods there were most parcel shipments. I suppose it would be in haberdashery and millinery, would it not?—It is a most heterogeneous collection of things.

7116. You might tell me whether there is not a tendency to increase parcel post shipments?—No, the tendency during the last few years has been for the

parcel post to decrease, in fact, it has decreased very considerably.

7117. More than the general decrease of imports?—Slightly more, because the Customs has been very strict about fining people for under-valuation. Hundreds of fines are imposed in the year for under-valuation.

7118. I have found in certain manufacturing districts in England there is a tendency to send very small parcels of goods by parcel post, and that is increasing. Take Nottingham, for instance. You have not noticed in this country that there has been an increasing tendency that way?—No. As I say, during the last few years the number and value of parcels sent by post have diminished.

7119. I suppose the more parcel post extends, the better for your revenue?—To a small extent. The mercantile community do not view the parcel post with very great satisfaction, because it is stated that it is possible to import articles by parcel post more cheaply than they can be sold in the shops. There is a very strong feeling amongst the mercantile community against the parcel post, and we have been unable to consider certain representations, that have been made to us by the Imperial Post Office, in favour of a reduction of the rate of postage.

7120. The rate is rather high, is it not?—9*d.* a pound.

7121. So that until you make those reductions you are not at all likely to get a large amount of business, are you?—The increase would be very gradual after we arrive at the normal.

7122. The shipowners would not contemplate with satisfaction your having a very large amount of parcel post shipments, I suppose?—No.

7123. Is there any limit in your contract?—There is no limit.

7124. For this gross sum of £135,000 you might have any space in reason for parcel post to send out in competition with their own freight that they are charging for?— They are bound to convey as many parcel cases as may be tendered to them, but they can form a very fair opinion of what the average weight would be. They have been conveying parcel mails for a long period of years.

7125. You are aware that in Europe there has been a great extension of parcel mailing?—I am aware of that.

7126. You are aware that in Switzerland one sends one's luggage by post from one town to another?—That would not apply to the ocean parcel post, but to the inland parcel post.

7127. In some countries, I understand, there is a considerable extension of the ocean parcel post; you have not heard of that?—I do not think that the Colonies favour any large extension of the ocean parcel post.

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7128. (*Sir John Macdonell.*) The tendency with you is rather to diminish?—The tendency is now to diminish.

7129. (*Chairman.*) It is being opposed by the great body of merchants in this country?—The merchants are opposed to an extension of the parcel post, but the individual member of the public I do not think agrees with that.

7130. What else is there of value that goes by parcel post? There is no gold now, is there?—Gold cannot be conveyed by post.

7131. Was it ever conveyed by post?—There was no prohibition against it, and during the last contract and at one time a considerable quantity of gold was sent through the post, but the Imperial Post Office Department objected to it and subsequently the amount that might be consigned by post was limited.

7132. We have had it in evidence that there is some demand to make sample shipments of new produce—new kinds of fruit, for instance—to the Old Country. Could not that be taken up by parcel post?—Anything can be taken by parcel post if the public are prepared to pay the ordinary rate for transmission.

7133. I suppose there the charge would be very much greater than the freight charged by the shipowners, though those rates are said to be excessive on small parcels?—It would be certainly in excess, and fruit, it must be remembered, has to be conveyed in the cool chambers; we could not do that with the whole of the parcels post, because it might not be to the advantage of some of the articles consigned.

7134. You have not been approached by exporters here to give greater facilities for sending home parcel shipments of fruit or other new produce?—No, not up to the present.

7135. There has been no movement?—Not so far as I am personally aware.

7136. And as regards the trade the other way, you say there is opposition from the merchants, though probably private individuals would be glad to have cheaper rates by parcels post?—I should hardly like to go so far as to say that there was opposition from the merchants, but I am aware that the merchants do not view with favour the parcel post or any extension of it.

7137. You have nothing to do with the rate of 5*s.* per £100 on the gold that is exported. That is nothing to do with the post?—No, that is purely a shippers' rate.

7138. And it is brought down by the railway companies?—By the Railway Departments.

7139. Quite independent of your Department?—Quite independent of my Department.

7140. Then if you could kindly give me that information as to the parcel post I should be glad?—For what period of years?

7141. For the last few years—six or seven years?—Certainly.

(Afternoon Sitting)

Mr. Charles Cock, examined.

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7142. (*Chairman.*) What position do you hold?—I am Chief Railway Storekeeper.

I will ask my friend, Sir John Macdonell, to take you through your brief.

7143. (*Sir John Macdonell.*) You have prepared a memorandum on certain points connected with South African freights and the importations by the South African Governments?—By the Cape Government Railways.

7144. The memorandum relates solely to the Cape Government?—Yes.

7145. In that memorandum you give certain information ranging over 1901 to 1906, with respect to the nature of the cargo imported, the tonnage, the average rate, and the freight paid?—That is so.

7146. I find in that memorandum that the amount of tonnage varies considerably from year to year?—Yes.

7147. The highest amount of tonnage being in 1903, and, I think, the lowest amount of tonnage in 1895 and 1905?—That is so.

7148. The average rates in respect of this tonnage have also varied considerably?—Yes.

7149. Am I right in saying that on the whole the lowest average rates ruling have been the rates during the last few years?—That is so.

7150. There are some exceptions to that statement. For example, in 1895 I find a very low rate?—Yes. I could explain that if you wish.

7151. Anything that occurs to you as important please mention?—It was an exceptional year. That is due to the fact that in that year we imported a large tonnage of rails at the very low rate of 11*s.* 11*d.* a ton.

7152. Through what line?—Specially chartered vessels.

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7153. May I take it that any of the other years in which there was a low rate of freight ruling were years in which chartering took place on a large scale?—There has been chartering, but not to such advantage as during that year. The other rates are fairly equal. There is a fair average maintained throughout the other rates.

7154. The last column of your statement shows the total amount of freight that has been paid in the various 16 years by the Government?—Yes.

7155. Am I not right in saying that of late years the amount of freight paid by the Government has been considerably smaller than in past years?—Yes.

7156. The smallest amount of freight paid, with the single exception of 1895, being the freight paid in 1905?—Yes.

7157. Perhaps you will be good enough to tell me the explanation of the decline in the tonnage?—The cessation of all construction work and the reduction of imports, generally, through the depression in trade and stoppage of new works on the railways.

7158. So much for the quantities. May I take it that these importations include very diverse classes of articles?—Yes, they do—there is a very large variety.

7159. Probably, I might say, that almost every kind of article dealt with by merchants generally is, to some extent at all events, to be found included in these tables?—Yes.

7160. I think I should also be right in saying that the great bulk of the tonnage falls within Classes 4 and 5?—That is so. Dead weight, as a rule, being predominant.

7161. As to these, a special tariff is applicable, and you give what the rates were in respect of articles falling within Classes 4 and 5, and the tonnage falling within these classes for the years 1905 and 1906?—Yes.

7162. You say, a large portion consists of permanent way materials?—Yes.

7163. What am I to understand by such entries as "Tonnage 4,142; 6,457 general." What is the meaning of that?—A variety of ironmongery, galvanised iron, and a varied assortment of goods.

7164. How are they distinguished from other similar entries? For example, the last entry but one, "3017," also described as "General"?—We have described those as general stores, but the variation in the rate is due to the classification of the shipping companies.

7165. You next, in the memorandum, deal with the method by which the shipping business of the Government is conducted, and, more particularly, whether shipments are made by the Conference Lines as a matter of course or whether tenders are invited in the open market. I do not propose to go very closely into detail, because we have already had evidence with regard to certain parts of your memorandum. You state that prior to the year 1904 the shipments were made by arrangement with the Conference Lines, and there was a general advance of from 2*s.* 6*d.* to 10*s.* a ton during the period of the South African Boer War. Then you state that in 1902 came the Houston competition, and the result was a change in the terms. Was the change, stated generally, a reduction?—Yes.

7166. You mention 1904. That was a turning point in the arrangements between the Government and the Conference Lines?—Yes.

7167. In February of that year a special agreement was entered into, of which the Cape Colony Government were able to get the benefit?—Yes, jointly with the Transvaal and the Orange River Colony.

7168. Then you are asked whether the Government is bound by the rebate system, and your answer is, "The rates charged under the contracts entered into in "January, 1905, and continued to 30th June, 1907." What contracts were these?—A renewal of the contracts entered into in 1904, but as far as I can gather the 1904 agreement did not contain that clause which bound us to ship all by the Conference Lines.

7169. But it was agreed that all cargo material was to be shipped under this contract—coals, creosote, oil excepted. I have not been able to find these words specifically stated in the agreement of 1904. Have you looked?—Yes. In the agreement of 1905 they are. The quotation I give is the exact wording.

7170. Are you able to say there are no such words in the 1904 agreement?—I could not find them.

7171. Then you are asked "Whether the Govern- "ment is accorded (under contract or otherwise) lower "rates than those accorded to merchants, and, if so, "to what extent there is such preference?" and then you refer to the various contracts, beginning with 1904, and you add, "As stated above, contracts have "been entered into from time to time with the Con- "ference Lines," and the special rates in operation up to June, 1907, are shown in a memorandum which you have attached. I will not trouble you with these; most of them are familiar to us. There is one question I would like to ask you, and that is, have you made any exact comparison between the various rates for articles specified in page 5 of your memorandum and the actual rates paid by merchants?—Yes, I have.

7172. That is in some document which is not appended to your memorandum?—Yes. I could send a statement to you containing some figures I took out showing what the difference is in the merchants' rates for a certain period of our imports as compared with our own prices. (*See Appendix XXV. (b).*)

7173. I should be glad if you would send that information to us. Over what period does it extend?—I think it is for only six months of this year.

7174. Passing from that portion of your memorandum, I come to the observations you make in answer to the question "Whether regular sailings and stable "rates are regarded as essential or desirable by the "Government from the point of view of the Adminis- "tration, and, if so, whether such regular sailings and "stable rates are in the opinion of the Government "only obtainable under the rebate system?" Your answer is that you think that from the point of view of the Government stability in rates is desirable?—Yes.

7175. And you give certain reasons, of which the first is that stock can be controlled with economy and the reserve balance kept down to a minimum. "Stores "and materials may be brought forward with regu- "larity and at times to suit the requirements of the "railways." How long have you been in your office?—I have been in the Department for 28 years. I have held my present position for three years.

7176. During the time you have been in that Department have you noticed a tendency on the part of the Government to reduce the amount of stores which they have in hand at a particular time?—We have always held in view the necessity of holding the stocks as low as possible, keeping down our reserve balance to the lowest figure.

7177. Should you say that the tendency is rather more towards that direction than it was?—Within the last two or three years it has been, therefore regular sailings would have a material effect on the balance of stock held.

7178. When you say "regular services" do you mean regularity of service in the same sense in which a merchant, selling from day to day, and meeting orders that are brought in one after the other in rapid succession, speaks of regularity?—Yes. We could bring forward our requirements in monthly instalments instead of importing six months' or a year's supply at a time.

7179. It would be enough if you had monthly sailings?—We could manage.

7180. That would be quite enough. It has been suggested that for stores connected with telephones, something more frequent than monthly sailings would be necessary?—I think so, too. It would depend largely on the manufacturers and the suppliers at home. They would get their orders at a certain period, and would have to store these goods until a ship was ready in a month's time, whereas with weekly sailings they have the advantage of the shipments coming along more promptly.

7181. Then you give certain reasons, most of them obvious—for instance, "Stable rates enable the De- "partment to estimate the freight charges within a "reasonable margin, and the rates on stores can be "readily ascertained, which is of importance to the De- "partment when estimating for extensive new lines and

"works. You pass next to the question, "Whether or "not stable rates can be obtained without the addition "of deferred rebates?" Have you formed any opinion upon that?—Not beyond making contracts. The rebate system, as I understand it, is simply a contract between the shipper and the merchants, and you could not have stable rates if your trade was thrown open to the open market.

7182. That is your belief?—Yes.

7183. You consider the various arguments that are urged for and against the deferred rebate, and your opinion is that you cannot have stability of rates——? —Except by a contract, which is practically the rebate.

7184. In some form or another you think it is essential to stability of rates?—Yes.

7185. You add as another advantage that it places the shippers on equality in the matter of rates, and insures sailings at fixed intervals, and that a uniform rate is secured for all goods shipped from all the principal ports in the United Kingdom?—That is an important point with regard to our supplies, because we obtain supplies from seven different ports.

7186. Not merely from Southampton or London?—No.

7187. From what other ports?—Glasgow and Liverpool amongst others.

7188. It has been urged before us in London that the tendency of the deferred rebate is rather to restrict the ports of sailing. Have you considered that aspect of the question? It has been put forward by witnesses giving evidence before the Royal Commission in London, that the tendency of the deferred rebate system may be to limit the ports from which goods are taken?—That is a point that I have never considered.

7189. Then you pass to another aspect of the case, and you say, "The question seems to be how far State "control is necessary to check the abuse of the power "possessed by the Conference Lines under the rebate "system." Then you do recognise that this deferred rebate system gives the Conference Lines a very great power?—They have absolutely a monopoly.

7190. Might I go as far as to say that the monopoly is, in fact, as complete for the carriage of goods by the Conference Lines as is the monopoly for the carriage of letters by the State?—I should say so.

7191. All letters go by post, and practically all goods by the Conference Lines?—Yes.

7192. Then there is a point to which you advert, and I do not think I will trouble you much upon it, as to whether there has been any specific legislation upon the subject, and you referred to an opinion expressed by the German Juristeintag upon this subject. As that is not a legislative body, but simply an association of private persons, I will not ask you any questions upon the opinion expressed by it?—I gave that information for the information of my General Manager.

7193. Then the next point which you consider is whether it would be practicable for the Government to make arrangements for the shipment of their goods by chartering steamers in the open market. Can you give me somewhat more shortly than you have given in the memorandum your view respecting that point?—In my opinion, it would be possible, as I have said here, if the Governments were to combine, to charter upon as favourable, if not more favourable, terms than we are obtaining at present under the Conference contract.

7194. In the first place, you think it would be impracticable unless the various Governments combine?—Yes, the tonnage is not sufficient.

7195. That reminds me that I ought perhaps to have asked you what proportion does the tonnage specified in the early part of your memorandum bear to the whole tonnage of the Colony?—I am trying to get that information. It is rather difficult to get the figures, but from the Harbour Board returns ——

7196. Of what year are you speaking?—1906.

7197. That was the year in which the Government tonnage was very low?—Yes. Our imports, including supplies bought through merchants represent about 12 per cent. of the total imports into the Colony.

7198. In the years, such as 1903 and 1904, when you were importing something like four times as much as you are now importing, what would have been the proportion?—I have not taken the figures.

7199. It would not be four times as much?—No, I should think not. The general imports were very much larger then than they are now.

7200. Your imports have fallen off contemporaneously with the fall in the other imports?—Yes.

7201. But the fall in the case of the Government imports has been much greater; is that so?—I should not think so.

7202. You cannot say?—I cannot say.

7203. Could you give me any information with respect to that point, even for one or two years?—Not without going to the Harbour Board. I have not any data of my own.

7204. You add that if large construction works were going on, and consequently a large tonnage of dead weight were available, that chartering in the open market might be practicable. Do I understand you to say even by the Cape Colony Government alone?—Yes, if the new lines which have been authorised by Parliament were to be proceeded with we should probably go into the market for 60,000 or 70,000 tons of permanent way material.

7205. You have done that in the past?—Yes, and under such conditions we should charter.

7206. You are next asked what course has been adopted by the Government when an opposition line has been started, and you say, "Advantage has been "taken of the competition. In 1902, when Houstons "entered into the Cape trade, a portion of the tonnage "was secured by that firm, while this opposition en- "abled the Department to secure reduced terms from "the Conference Lines." You have already explained in an earlier part of the memorandum what you mean by that?—Yes.

7207. The next point that is put to you is, "Whether it would be possible for the Government to "use their shipments and the mail contracts as a "means to obtain better terms for merchants." Are you prepared to give any opinion with regard to that question or any portion of that question?—Not beyond what I have stated there, except that in framing a new mail contract advantage might be taken of the position to secure some better arrangements of control of the Conference, so that the monopoly which is held should not be abused.

7208. Let me understand what you mean by that. Put the mail contract aside. How are you to carry out as regards ordinary contracts the object which you state?—By making it a condition of the contract that there shall be a Board of Commissioners appointed to settle disputes between merchants and shippers in the matter of rates.

7209. The Government have entered into a contract, say, with the Conference Lines, either for the shipment of a certain number of consignments or for shipments for a definite period. Is it to be a term in the contract that the Conference Lines shall, in disputes between themselves and their ordinary customers, go to that Board and have the disputes settled. Is that what you mean?—I was referring to the new mail contract.

7210. Would you mind giving your mind to the first part of the question, "Whether it would be possible "for the Government to use their shipments as a "means to obtain better terms for merchants"?—Not under present conditions. Given present conditions we could not undertake to carry cargo for merchants.

7211. That may be one answer to the question, but do you mean that when the Government enters into a contract for the conveyance of their goods by the Conference Lines, they are to take care that in that contract there shall be inserted a provision for the benefit of the ordinary customers of the Conference Lines. Is that what you mean, or have you at all a clear meaning?—Only in connection with the new mail contract.

7212. From your memorandum I understood you are not desirous of dealing with the subject of mail contracts. "This subject in its relations to the mail "contracts will be dealt with in another Depart- "ment"?—Quite so, but since then I have been asked

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to consider the question of controlling in some way the rebate question.

7213. Instead of being desirous of leaving to another Department the answer to this question, you desire to give the answer?—No, I do not wish to do so. You asked me for a further opinion.

7214. Do you desire to answer now solely with respect to the mail contract?—No, I do not. I simply desire to answer the question that is put down in this memorandum.

7215. Which does refer to the mail contract?—Yes, but leaves another Department to deal with the mail contract.

7216. You would rather leave that to another Department?—Yes.

7217. There are one or two points with which your memorandum does not deal. Have you considered generally, so far as the Government is concerned, what would be the effect of there being no deferred rebate, the subject of freights, rates, and regularity of sailing being left entirely to open competition?—So far as the railways are concerned, we should prefer to have the power of going into the open market.

7218. Do you think that under that system you would get practically all that you required?—I think so.

7219. Would you get regularity of sailing?—If the Governments combined, and if the tonnage was sufficient.

7220. Another question which you will answer or not, as you please. Have you considered whether there is any justification in principle for the better terms given by the Conference Lines to the Governments, as compared with other shippers?—I think so. The department does not trade, and the cheaper we can work the railways the better it is for the whole of the community.

7221. That is the ground upon which you put it?—Yes.

7222 May I take it that in the tonnage, which is mentioned at the beginning of your memorandum there is included a vast variety of articles which might be obtained locally?—Yes, but at a higher price.

7223. In all instances at a higher price?—That has been our experience. We have tried on several occasions to obtain quotations, and have obtained quotations here and in England simultaneously, but, as a rule, quotations by direct importation have been more favourable than those from a local merchant.

7224. Is the policy which you act upon, first, to ascertain what the prices would be if supplied locally here, and then, or simultaneously, find what the prices would be in the United Kingdom?—In anything that we can import cheaper than the merchants, the principle is to import, but in order to meet the wishes of certain merchants, we put out tenders here and tenders in England.

7225. In respect of what particular commodities?—Pipes, paper, oils, and goods of that description.

7226. Do you follow that course every year?—No, it has only been a trial. We shall continue it for a time.

7227. When was it tried?—Last year and a portion of this year.

7228. It has not been tried before?—No.

7229. On what then do you base your opinion that the commodities which you import would have been bought here dearer?—When we are forced to go into the market through our stocks being exhausted. We frequently have to go into the market here, particularly during a busy term like the construction period, and we find that the quality of the goods is not so good as our importation, and the price is higher.

7230. That, of course, comes upon a sudden and unexpected demand by you?—No, we are always in the market here for small orders; general ironmongery of various descriptions.

7231. Might it not be the case that if you placed here very large orders, the local supplies would be as cheap?—I cannot see how it possibly can be.

7232. Have large orders ever been placed here locally?—Yes, for certain classes of stores.

7233. What classes?—Timber, and castor oil, also axle oil, which comes from America, and so on. All these contracts are put out locally, but articles that have to come from England and Great Britain we find we can import cheaper.

7234. I am not talking of articles which must come from England. Naturally, you go to England for those. I am talking of articles which are actually sold here by general merchants?—And imported from foreign countries?

7235. Yes?—Tenders are put out here. Take castor oil, for instance, or pitch pine, that comes from America—the tenders are put out here.

7236. Give me some commodity very extensively in use?—Castor oil is very largely used.

7237. Some commodity even more extensively used as to which local tenders are invited?—Axle oil, which comes from America and Great Britain.

7238. May I take it as regards a very large proportion of this tonnage every year local tenders are invited?—No, I should not say that. Permanent way forms a very large portion of tonnage, and that——

7239. Can you give me, approximately, a figure as to the proportion in respect to which local tenders are invited?—I can send you a memorandum.

7240. Give me now your impression, which you can correct later on if you find it not to be verified by facts. What proportion of this tonnage is in respect of articles as to which local tenders are every year invited?—This tonnage only includes imports from Great Britain, which in my opinion must come from Great Britain, and it is an advantage to the Department——

7241. I know that they have some from Great Britain. I am asking you with respect to what proportion local tenders are invited?—A very small proportion, if any.

7242. May I take it that practically there are none?—I will not say that. The tonnage of pipes and paper that I have mentioned just now is so small that I do not suppose it would come to 1,000 tons.

7243. (*Chairman.*) This first table of yours excluded steam coal?—Yes.

7244. Do you know the quantity of that?—We used to import something varying from 80,000 to 150,000 tons a year. That was by special contract. It was delivered into trucks, and the freight included in the contract price of the coal, so that we did not pay the freight.

7245. Now do you get Natal coal?—Yes.

7246. Then you say that there has been comparatively quite a small mileage of railway constructed during the past few years?—Yes.

7247. Can you say how much mileage there is authorised which is now waiting?—I could not tell you off-hand.

7248. They would all come to you for the material?—We should want between 60,000 and 70,000 tons of permanent way.

7248A. You do not know the mileage that is waiting?—No, I could not tell you the mileage.

7249. You know as a matter of fact it is all waiting until times are better?—Yes.

7250. Then you said, I think, that about 12 per cent. of the tonnage was Government imports?—Yes, that includes cargoes of timber and coal and everything that passes through the docks.

7251. It would not be so much in value, would it?—No.

7252. Nothing like?—No, and it would not represent the tonnage that we should charter for if we went into the market.

7253. You would not charter for 12 per cent.?—No, because a portion of that tonnage would be brought through from Sweden and America. That includes the whole imports into the Colony.

7254. How do the Swedish imports come?—We buy by local contract c.i.f. or into store—generally a c.i.f. contract locally.

7255. On page 3 you speak of the Houston rates at the time of the Houston competition when you were

able to secure somewhat better terms from the conference Lines. Were those rates which you secured as good as were given by Houston to the general merchants?—I do not know what rates he gave to the general merchants. We imported stores at 12*s.* 6*d.*, against the Conference rate of 14*s.*

7256. You say, "For all the classes the following "rates were agreed upon"?—Those were the rates under the new contract of 1904.

7257. You put down the new contract as being due to the Houston competition?—To a certain extent, yes.

7258. There were not interim lower rates?—No.

7259. Then you spoke, I think, of the deferred rebate system as a contract entered into?—It seemed to me to be so.

7260. Is it not different from most other contracts in that there is no termination of it?—There is that feature, certainly.

7261. Do you know of any other contract that has that same feature?—No.

7262. Have you ever considered that a term might be put to that contract, that every five or every seven years it might be arranged that all rebates due should be paid over and the merchants would start afresh?—I have not considered that.

7263. Then you say, "In my opinion it would be "possible to obtain better terms for the merchants if "this were made a condition by the several South "African Governments when negotiating with the "Conference Lines for the freight of Government "stores." That does not refer to the mail contract? —No. *Mr. C. Cock.* 3 *Oct.* 1907.

7264. This refers to the freight contract for goods required by the Governments?—Yes.

7265. In that connection, did you ever read the report of the London Conference of two years ago, when the South African Governments did put forward a draft agreement very much on those lines, getting better terms for the merchants and agreeing on the same terms for themselves?—No, I do not remember reading anything about it.

7266. It was not circulated to your Department as of any interest to you?—No.

7267. And you were not consulted before these proposals were put forward in London?—No.

7268. (*Sir John Macdonell.*) What provision in the Government contract is there with respect to heavy weights? Do the rates apply to weights up to 3 tons, or up to 4 tons?—For every ton or portion thereof exceeding 3 tons there is an extra 2*s.* 6*d.*

7269. That is under the contract of 1904. Is that still going on?—Yes. It is shown on page 5.

7270. On page 3 I see those rates were net, "and for "packages not exceeding 4 tons, net weight"?—Yes. Now it is 3 tons.

7271. (*Chairman.*) I gather that you are perfectly satisfied with the way in which the Conference Lines have performed their contract, as far as you are concerned?—Yes.

7272. (*Sir John Macdonell.*) The service is entirely satisfactory?—Entirely satisfactory

NINETEENTH DAY.

General Post Office,
Cape Town,
Friday, October 4th, 1907.

PRESENT:

Sir ALFRED BATEMAN, K.C.M.G. (*Chairman*).

Sir JOHN MACDONELL, C.B.

Mr. J. A. WEBSTER (*Secretary*).

(*Chairman.*) I regret that we have had to delay the Sub-Commission and keep you gentlemen of the press waiting for an hour. A brief of certain evidence was sent in by Mr. Marshall, of Plein Street, and he was duly informed that he would be required to attend at 10 o'clock this morning. He did not reply to that letter, and he now refuses to attend, so that we have all been kept waiting. I make no comment. I will now call Mr. Spilhaus.

Mr. KARL ANTONIO SPILHAUS, examined.

7273. (*Chairman.*) You are of the firm of Messrs. William Spilhaus & Company?—Yes. *Mr. K. A. Spilhaus.* 4 *Oct.* 1907.

7274. What business has the firm?—General merchandise, grocery, grain, and any other bulky goods, but not including drapery and hardware.

7275. You are also agent for the German-Australian Steamship Company?—Yes.

7276. Is that Company one of the Conference?—Yes.

7277. So that you are interested to that extent in the Conference Lines?—Yes.

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7278. You have been so good as to fill up answers to these questions. I will take you through this brief. On Question 1, with regard to the manner in which the rebate system is worked, you say, "It has been "already communicated by the Chamber of Commerce," and so on. You do not make any comments?—No.

7279. Then as to the merchant in South Africa getting the benefit of the rebate, you say, "Generally "speaking, the firm which initiates the business gets "the benefit of the rebate"?—Yes, but supposing we buy c.i.f. from a firm at home, then the firm who sells c.i.f. would get the benefit of the rebate. That is the only exception. As a rule, the merchant in South Africa gets the benefit.

7280. It is paid over to him from London?—Yes, because he is, as a rule, the principal in selling his produce and in buying, and the London exporter is generally the agent.

7281. Then as regards the forfeiture of rebates, you say, "Rebates have only been forfeited during the last "few years in consequence of the competition with the "Houston Line. Those firms that left the Conference "Lines and went over to the Houston Line, made "contracts for freight at considerably lower rates than "those charged by the Conference Lines. When the "Houston Line later on joined the Conference, these "contracts were respected, and the shippers who were "disloyal to the Conference Lines had, while their "contract with Messrs. Houston lasted, a considerable "advantage over the loyal shippers." You say, these contracts were respected. I suppose they were contracts at law, and they had to be respected?—They were contracts made by disloyal shippers with the Houston Company at a considerably lower freight than the ruling rates with the Conference Lines, and what the merchants objected to was that the Houston Line was taken into the Ring, and, therefore, the people who were disloyal to the Conference Lines had an advantage over those who were loyal to the Conference Lines. In fact, I might mention, these contracts last until the end of this year.

7282. How many are there still lasting?—I cannot say for certain, but I understand there are three firms under contract up to the end of this year.

7283. You do not know the names?—I think Jagger & Co., Wilson, Son, & Co., and B. Lawrence & Co.

7284. Then on Question 4, as to the objections to the rebates, you say, "A good many objections no "doubt exist. Even shipowners have their objections; "they would prefer to have a free hand to fix the rate "for this or that parcel of cargo offered to them at "their convenience. They would then be in the "position in many cases to make use of empty space "and unused carrying capacity, instead of letting ships "sail with space vacant. It, of course, pays a steam-"ship company to fill an empty space of 1,000 tons "measurement with goods at 17*s.* 6*d.* or 15*s.*, or even "10*s.* per ton, which would be rated at 20*s.*, according "to tariff, but, of course, in bad times, every shipping "company would have a good deal of space available, "and only that company would secure the special "parcel of cargo offering which would take it at the "lowest rates." Do you consider that there would be a large or even a moderate proportion of tonnage that would be utilised in this way at a lower rate?—I do not quite understand.

7285. You speak of the empty space which might be let at a lower than tariff rate. Would that empty space be a large proportion of the total tonnage capacity generally, do you think?—During the last couple of years, all the steamers coming to South Africa have had to come with a considerable amount of empty space. As a rule, I do not think it is overdoing it if you say they had 25 per cent. empty space, which is rather a large proportion.

7286. They could not all have filled up that space?—No, they could not have filled it up.

7287. There is not so very much in that argument, you think?—They would have filled it up to a certain extent. We can generally do with a lot of cement. Supposing there was a steamer on the wharf and she had 1,000 tons cargo capacity; they would cable, "What would you pay for cement to fill up?" We would offer them 10*s.* a ton, and it would pay the company to take 10*s.*, though they would only have a profit of, say, 5*s.* It is better to have something than nothing at all.

7288. Would that have been to the interest of the general consumer and the public in South Africa?—Of course, this one particular parcel which we would get that way would be an advantage to us, and it would be an advantage to the consumer. Then the next time it might occur that a competitor of ours would have also 1,000 tons to ship. He might get it at 7*s.* 6*d.*, and there we would be stocked with 1,000 tons of cement which came in at 2*s.* 6*d.* higher rate, and the capital would be locked up. That sort of competition is unhealthy for business. The weightiest reason is that the steamers could not keep it up. You could not go on cutting. You cannot cut until you get no freight at all. You must have a reasonable rate of freight.

7289. You put this down as a disadvantage to the steamship company, not to be able to take goods in that way, but there is not so very much in it, is there?—It is a disadvantage at times.

7290. Then you say on the next page, "Now the "shipping companies must exist and earn a fair profit, "and the natural consequence of the competition above "referred to would be that freight rates would continu-"ally vary. When there was little freight offering, "rates would be exceedingly low, but as soon as "business improved rates would advance. The sys-"tem of Rings or Conferences, although it has "faults and inconveniences, is, therefore, for the ship-"owners as well as the merchants, still to be preferred "to open competition amongst all those interested." You do not say anything about the consumer?—He would pay a low price at one time, but he would have to pay double for goods when business is improving. We cannot always go by the present times. At present there is very little freight offering, and the competition amongst the various shipping companies would be very keen. They would run at a considerable loss, I daresay, and the consumer would get the benefit at the present time. It is bad for him to become accustomed to very cheap living and then suddenly have to pay something very much more.

7291. In certain times prices are brought down low, and that increases the consumption?—You mean the fluctuation in the value of the goods. Of course, there is a fluctuation in the value of the goods, but I think that fluctuation alone is quite enough to contend with, and it should not be increased through different railway rates and different sea freights.

7292. Then you say, "The advantages which the sys-"tem of Conferences undoubtedly brings are:—1. Fre-"quent and regular shipping opportunities, with better "and quicker ships than would be possible with open "competition"?—There is no doubt about it.

7293. "Open competition would always have the "effect that the slow tramp steamer would secure the "freight, and those steamship lines which intended to "run a regular service would not be in a position to "improve their line by faster and better ships." You mention the example of this steamer at 9½ knots speed. What would be the size of that steamer?—It is a 5,000-ton boat I have in view.

7294. "It would have 350 tons more carrying "capacity and require 200 tons coal less for the "journey from Hamburg to Cape Town than a steamer "of 10½ knots speed and the same size, because the "more powerful machinery both takes up more room "in the ship and requires more coal to feed it. Be-"sides this, the faster steamer would cost more to "build, and the insurance, depreciation and interest "would be a further handicap against the tramp." It should be "for the tramp," should not it?—No. The fast steamer and the good steamer costs more, and therefore the interest would be a debit to them.

7295. But you say "handicap against"?—I mean to say it would handicap the better steamer.

7296. Then you say, "The shipper can always rely "upon having the same rates charged to him as to his "competitors, and therefore the small shipper is pro-"tected, inasmuch as the large shipper will not secure "better rates of freight than himself. It seems, "therefore, especially on account of the last advantage, "advisable that the Government should not make "Freight Conferences an impossibility. It is quite "evident that with absolutely open competition the

"large shipper would now and then be in the position "to secure advantages in freight by chartering jointly "with business friends a whole steamer. There is "no doubt that as a rule a tramp steamer can be "secured at a lower rate than that which the regular "lines could afford to charge, because a tramp would "get a full cargo, while a steamer of a regular line "generally leaves partly empty. The harbour dues "also are charged as a rule on the registered tonnage "of the steamer, whether she has a full cargo or not, "and therefore the proportion of the expense per ton "or cargo would be less in case of a tramp steamer "with full cargo than a liner partly empty. General "questions regarding the policy of the Conference will "have to be decided by the majority. . . "?—Amongst the Conference.

7297. ". . . and there is not always the unanimity "amongst the various Conference Lines which is "generally supposed." I suppose you know that of your own experience?—Yes, we know that by experience. I brought that in to show that although it is a Ring there is competition amongst themselves—a good deal of competition. I daresay sometimes they come very hard against each other.

7298. Do you think that sometimes they fall out and the shipper comes by his own?—I meant to say that some lines agree with the merchants on one point and the other lines do not agree. Then they have a meeting, and the majority decides what to do.

7299. It is not only a one-man's Conference?—No, I do not think so, although he is a very powerful man.

7300. "A short while ago the German Lines refused "to agree to the increased rate of freight to Cape "Town from the Continent and United Kingdom, "advocated by Sir Donald Currie on account of the "increase of the local harbour dues . . . ." What was the date of that?—I have not got the exact date. I think it was about three months ago or something like that.

7301. "The German Lines holding that the bad state "of the business did not justify such increase, although "in many other ways the expenses of the shipping com- "panies, in the price of coal, wages, &c., had also "increased considerably." That increase, of course, as regards the price of coal is not as large as it would seem from the increase of the price of coal in England. Is not there more Natal coal used?—Of course, they use English coal for the outward journey. If the companies had said the expenses of working the steamers had increased considerably, and they would have to increase the rates of freight to every port, then there would have been some reason in it, but we thought it was very arbitrary that they should penalise Cape Town with 2½ per cent. We were very strong against that.

7302. You thought so, but you gave way?—We could not help it.

7303. (*Sir John Macdonell.*) You were overruled?—We were overruled.

7304. (*Chairman.*) "In the end, however, the German "Lines agreed to the change"?—It is better to have even rates than to have rates from Great Britain higher than from the Continent.

7305. Why should the rates have been raised?—The rates should not have been raised. The even lower rates would have been the best, but to choose between the one and the other—to choose between having 2½ per cent. put on English goods and none on the German—that would not have been in the interests of the merchants.

7306. In this instance you were dominated by Sir Donald Currie?—We cannot say we were dominated; we were out-voted. The English Lines are more numerous than the German Lines.

7307. Under your contract, were you to go by the majority?—I do not think there is an exact obligation, but they tried to meet them; they came to an agreement. I do not think they are exactly bound to accept it, but they eventually fell in with the others.

7308. What could you have done? You could have left the Conference, I suppose?—Yes. That would have been too serious a step.

7309. You think that would have been a very serious step?—Yes.

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7310. On the objection to the system of deferred rebates, you say, "This is certainly very inconvenient, "and causes a great deal of work to both shipowners "and merchants. It is, however, difficult to conceive "a better way of maintaining an equality of rates. "However, the time for payment of these rebates "should not be deferred more than six months after "the end of a period of six months." Six months and six months is the present period, is it not?—Six months and nine months.

7311. I thought that at the London Conference it was agreed that it should be reduced to six and six?—Yes, but has it been definitely agreed to?

7312. You know what you do yourself?—Really, I must say I am not so sure on that point.

7313. Of course, you are aware that there is a great movement amongst the shippers to reduce it still further, to three and three?—Yes.

7314. Do you not think that would be possible and wise?—We do not want to have any changes within three months. After all, a merchant imports goods, and he generally imports about three-months' stock, and if he is bound down for six months it means he has really only two shipments in one particular class of goods. Supposing we import soap, we should buy about a three months' supply at a certain rate of freight, and if there should be a chance of making cheaper arrangements later, I do not think it would be binding enough for the merchant to sacrifice three months' rebate. The merchant would say, "After all, "the rebate is such a small consideration, we will go "over to the opposition."

7315. Do you not think there ought to be some period when the shipper could get free? Under the present system he has to forfeit 15 months' rebates, as you think?—That is what I think it is, but you say it is now reduced.

7316. It is a matter of detail whether it is six and six or six and nine. Do you not think that at the end of five years or seven years there ought to be a time after which this sort of contract between the two can be reconsidered, that the man can have his rebates whether he is going on shipping or not?—It might be advantageous to have notice—be able to give notice to discontinue. Then, certainly, a year's notice should be given.

7317. Is it not an unusual contract that has no end to it—no term?—Yes.

7318. You do not make contracts in your business in that way?—No, that is true. A year's notice might be given.

7319. Then with regard to "Has the effect of the "system of deferred rebates and of the South African "Ring been to divert trade from the United Kingdom "to the United States of America or to the Continent "of Europe?" you say, "It cannot be maintained that "the system of deferred rebates and of the South "African Ring has had the effect of diverting trade "from the United Kingdom to the United States of "America or to the Continent of Europe, but we know "from very good authority that in case a Conference "did not exist to which the German Lines belonged "the Continent would receive advantages which are "impossible under the existing conditions." What conditions do you refer to?—That they would be able to run at lower rates than the English Lines. That is what our Line expressed, I think, that if there were competition from the Continent they would be able to compete with the British Lines.

7320. That you could run your ships cheaper?—From the Continent.

7321. Or you would not want such big profits?—No. They could run them cheaper.

7322. Then you also refer to carrying goods from an inland town per train at cheap rates?—That is what I want to speak about. There has been a general idea that goods to Cape Town are carried at a through rate from inland towns. That is absolutely wrong. If goods are railed in Berlin for shipment to Cape Town they have to pay the same rail carriage, whether they are shipped by Union-Castle or German-Australian or any other boat.

7323. Surely there are through rates from a German town out here?—Yes, but it is the usual rate of export

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railway carriage and the usual rate of freight. There is no difference.

7324. (*Sir John Macdonell.*) Are you quite sure of that?—I am quite sure. We were not sure and we asked about it, and we got this reply.

7325. (*Chairman.*) We have had quite different evidence?—For other ports, perhaps, but not for Cape Town.

7326. You mean it might apply to Port Elizabeth, but not to Cape Town?—I could not talk about Port Elizabeth. I am only talking about Cape Town. I am quite sure that for Cape Town it does not exist. We have only asked for Cape Town.

7327. Then you cannot speak with regard to Durban and Delagoa Bay?—I know that at Durban and Delagoa Bay there used to be a freight advantage, but I do not know whether that still exists. I know that they had through rates to the Transvaal.

7328. I mean a rate from, say, Dusseldorf to Durban, which would be the same rate as that at which goods are carried from an English port to Durban?—I cannot speak about Durban, but I know that in Cape Town it does not exist.

7329. Which means that the goods are carried on the German Line for nothing?—It would mean that they do not pay any railway carriage, but they do.

7330. The railway company must agree with the shipping company; each must abate so much?—Yes, if that were the case.

7331. But as far as the trade to Cape Town is concerned you do not know of any such arrangement?—From our information, which is quite distinct, on the subject, we know it is not the case.

7332. "In case in one branch of business disturb-"ances of the freight business occurred through in-"vasion of outside competition, these would be cir-"cumstances for which the Conference could not be "responsible. The Conference of one trade route "will always have an interest in common with the "shipper in retaining the trade between the two coun-"tries, and it will therefore be disposed to reduce "rates for such goods as might be shipped from other "ports." I am afraid that is a little complicated?—What I meant to say is really this. Take an instance of barbed wire, shipped from America at a very low rate of freight. If the merchants brought pressure to bear on the Conference Lines and said, "We are losing "trade; the rate of freight on barbed wire from "America is so much lower than from England," then it would naturally be in the Conference's own interests not to lose that trade. The shipping companies have as much interest as the merchants in maintaining the trade, and therefore they will reduce the rate for that particular article, and that is what they have done continually. As things have been pointed out, they have altered the classification of goods in order to meet the competition of the American manufacturers.

7333. We have had it stated more than once that a great many alterations—perhaps 50—have been made by alterations of the classification?—That has been done.

7334. On the other hand, is it not the case that when complaints are made about, say, the German rate being lower than the English or the American being lower than the English, has not the change been made by levelling up and not levelling down; they have raised the German or the American rate and not lowered the English rate?—The rates from Great Britain and from Germany are the same.

7335–7336. They are practically the same now, except with regard to the possible railway difference from inland towns, but from Hamburg the rates are the same as from London?—Yes.

7337. Do you know anything about the trade from the United States?—Of course, the rates of freight from there used to be fighting rates. You could not expect anybody to carry at those rates.

7338. Now there is a small difference?—A very small difference.

7339. In some articles?—Yes. Those ought to be adjusted.

7340. Then with regard to Question 6—"Do you "consider the rates of freight, (*a*) From the United "Kingdom to South Africa; (*b*) From South Africa to "the United Kingdom, to be excessive? If so, please "state reasons for your opinion?" You say, "We "believe that this question will be the main issue of "the investigations. The first complaint about exces-"sively high freight rates was made several years ago, "when the Houston Line commenced competing. This "Steamship Line, naturally, had an interest in creating "dissatisfaction with the Conference in order to obtain "the sympathy of shippers and to secure their support." I suppose they wanted to get the business?—They wanted to get the business.

7341. "If it was possible for all the steamers to "secure full cargoes, no doubt an all-round reduction "could be made, but for bulk articles, such as cement, "for instance, and phosphates, the rates of freight are "already exceedingly low." You say, that if it were possible for all the steamers to secure full cargoes there would be a reduction. Does that point at all to the expediency of reducing the number of vessels to the Cape?—Yes. Of course, it would make the service inefficient. When you reduce the number of vessels, you would not have any vessels going empty, but if you did that, the rates of freight could be lowered. There is no doubt about it.

7342. Would not you sooner have the rates lowered?—No.

7343. Of course, you are in two capacities. I am speaking to you as a merchant?—I would rather be able to get my goods regularly than have a service where a steamer is put on the berth and has to wait for a week or so for a full cargo. I would rather have regular sailings.

7344. Surely you have an enormous number of ships on now. More than you want?—We have quite a number, I must say.

7345. It has been proposed to us that that would be a remedy—that the rates could be reduced if there were fewer vessels?—Yes, if everybody agreed to it, but then it is very difficult to get them to agree to it, because everybody wants to do as well as the other company; that is the competition amongst the companies here.

7346. Then you quote these low rates for cement and phosphates, and so on. That is no evidence about all the better class goods, is it?—No, the better class goods I really know nothing about. I really know nothing about drapery. We generally deal with groceries and bulk goods.

7347. Do you know anything about hardware?—No.

7348. "If there were a slight difference between the "rates from Great Britain to South Africa and from "the Continent to South Africa, it would not mean a "disadvantage to the British manufacturer, because "he could make use of sailing vessels which could be "easier put on the berth at British ports than at "Continental ports on account of the very much larger "shipments from Great Britain"?—What I mean to say is, that from Great Britain a great deal more is shipped altogether in tonnage, and, therefore, supposing the rates from Great Britain were too high, the British manufacturers could easily combine and put on a sailing vessel, which is altogether outside the Conference, and the fact that they have not put on any sailing vessel—at least, not very many—shows that the rates of freight cannot be very excessive. Every merchant can calculate the difference, he can see what he can charter at, and he will find out it pays him better to ship by a steamer. We took into consideration having a sailing vessel, especially at the time the Houston competition came in, when we could not leave the Conference, because we represented this German Line. We thought we might charter a sailing vessel, and we got out quotations, and we found we really could not make it pay.

7349. Would not the question of forfeiting rebates come into that?—No, the rebates would not be forfeited. We are quite at liberty to charter at any time a sailing vessel for our own account.

7350. In combination with others?—No, just for our own account.

7351. Would it not be very inconvenient for a merchant to have to charter a whole boat?—It would be inconvenient, but we could easily do it if we found we could make it pay.

7352. Is that a very strong argument that the rates are not high or too high. Surely the rates would have to be very high, indeed, before it would pay a merchant "to charter a sailing vessel?—I should think if we could get an advantage of about 5*s.* all round it would pay. We could not charter a sailing vessel unless we loaded cement. That we are getting now at the rate of 12*s.* 6*d.*, and supposing we chartered a sailing vessel at 17*s.* 6*d.*; all round we would have to pay 5*s.* more for cement, and save it on the other cargo.

7353. Where do you get your cement from?—We have been getting it from Germany, but we have not been importing any recently, because the English cement is much cheaper.

7354. It is coming from England now?—Practically all; there is very little imported from Germany now.

7355. You do not take into account the rates from the United Kingdom to India and to Australia as being any evidence as regards these rates?—No, we cannot very well take that into account, because in that trade they have very good return freights; they have regular return freights.

7356. Then with regard to preference, you say, "We "are not aware of any preference having been granted "to merchants or firms excluding corporations, mining "companies, &c." There are preferences under the Houston contract, are there not? You except that?—Yes, I except that.

7357. You mean that there are not preferences being granted now?—What I mean is, supposing a merchant goes to the Conference Lines and says, "I am shipping "1,000 tons with that steamer," he would not get a cheaper rate than anybody else.

7358. That you say is an advantage to the small man?—Yes, I should think so. On the other hand, I do not want you to consider for a minute that I think it right that corporations should get lower rates than the merchants. In the same position as the small man is to the merchant, the merchant is to the corporation.

7359. The corporation is acting for the benefit of the public?—So are we. We are acting for the benefit of the public.

7360. Not for your own benefit?—Yes; the corporation has to feed so many officials, and we have to feed ours.

7361. You think it is the greedy official gets it. Do you not think the Government ought to have a preference?—I do not think so. I do not see why. I think it excludes the merchant here from competing.

7362. Even in the case of corporations, the official does not depend on the profit he makes. You depend on the profit you make?—Yes, of course, there is a certain amount of difference. What I meant was, that it was better for the merchants to be able to compete in contracts for corporations, because I think the more competition there is the cheaper they would be able to buy.

7363. (*Sir John Macdonell.*) And it would be for the benefit of the municipalities themselves?—Yes, in the end.

7364. (*Chairman.*) "Would it be practicable for "South African merchants to combine and charter "tonnage in the open market for their consignments"? You say, "It would hardly be advisable for a few "merchants to combine and charter in opposition to the "existing lines, even if they could obtain slightly lower "rates. The Conference Lines would certainly not sit "still, and they would, if necessary, reduce their rates "in order to fight a combination of merchants. In "such a fight the regular lines of steamers would un-"doubtedly be victorious, and should all importers "agree to such a combination it is to be feared that "regularity of service and the class of steamer would "deteriorate." Should not that "and" be "but"? That is the other alternative?—Quite so.

7365. You think that the regular lines of steamers would come out victorious, but that if all importers agreed, you say it would be bad for the regularity of service, and the class of steamer would deteriorate?—Yes. I do not think a combination of merchants would work the steamship line as well as these shipping lines who have done so for years, because it is not a thing that can be learnt in a year or so. It will mean that we will all have to pay for it heavily if we go in for these experiments. It is too complicated, and it is too much of a risk to go in for. As a matter of fact, I think, if you go round and ask the merchants to put down the cash, everybody will say, "No, thank "you, we do not mind having the advantages, but we "would not like to take any risks in the matter."

7366. Do you not think the Governments might do it?—Supposing the Governments did it, how would they run it? I do not understand how they could run a service like that. We would be absolutely in the hands of the Governments. You mean to say, have a Government Line, and have nobody else run at all?

7367. You might have nobody else running at all, or that they would be in competition?—Of course with railways it works very well, but when a Government starts running a line from one country to their own country I do not think that will ever work at all.

7368. Then, as regards remedies, you say, "After "having explained that we do not object to the system "of Conferences, and that all complaints made against "this system are really complaints against its ad-"ministration, we can only suggest that the South "African merchants should be in closer touch with the "shipping companies instead of being represented "before the Conference Lines by their London agents, "who are, after all, not so directly interested." Does that refer to the London Merchants' Committee?—Yes; what I think the better plan is that the merchants here and at every port should have a standing committee. Supposing there are five Conference Lines, these five Conference Lines would be represented on this committee, with one voice each, and five merchants would be elected, on the same system as the Harbour Board elections are carried on at present. They would be elected by the importers, whose number of votes would be according to the quantity that each merchant imports or exports. Then there should be an independent member, for instance, the Controller of Customs, and if there is any question about which there is dissatisfaction, they could bring it forward at this meeting, and it could be discussed, and I think we should get better results, because those gentlemen who represent the Conference Lines here are well acquainted with the conditions and we have always found that they are quite ready to see our reasoning, and so on. We have never had any difficulty with them here. The difficulty is for people on the other side to understand exactly the circumstances.

7369. Would such a Committee have power?—Of course that is the thing. At present we have to instruct. The firm here have to instruct the Merchants' Committee. Then it would be an advantage for the merchants, because the shipowners would have to instruct their agents here.

7370. Supposing there was a case of rate and the merchants say that a particular rate was too high, it ought to be in Class 3 instead of Class 1. Then you as merchants vote one way, and the shipowners' agents vote another?—Yes, it would be decided and the thing would be submitted.

7371. Would that leave the casting vote in the hands of the Controller of Customs, or whatever official happens to be in the chair?—Yes. I do not say that the Conference Lines should abide by the decision; that could never be insisted upon. A member of the committee would make a recommendation, and if the majority of the Committee decides that this should be adopted; then the recommendation would be sent to the Conference Lines by their people here, and I think in most cases they would confirm the decision.

7372. You think Sir Donald Currie would be moved by the advice of such a body?—If it was reasonably supported.

7373. Anyhow, you think it would be an improvement on the present state of things where you are not represented?—We are represented, and those gentlemen have done a tremendous amount of good.

7374. They have done a tremendous amount of good?—I think so, but I think it is better to be in direct touch with the companies.

7375. You would have these local committees?—Local committees, and each local committee would submit the decision to London.

7376. Of course, this includes the power to make representations from London to the various ports, but

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how about the inland consumer and how about the mining people in the Transvaal?—They would have their committee, would they not, in Johannesburg?

7377. You would have a committee there?—Yes, at every centre.

7378. I thought you said every port?—I ought to have said every centre.

7379. And Bloemfontein, I suppose, would have a committee?—Yes, certainly; and Kimberley should have a representative. Kimberley, Bloemfontein, Johannesburg, Durban, East London, Port Elizabeth, Mosselbay, Cape Town.

7380. They would not have any statutory power, I suppose?—No, we could not give them any power; they would simply be advisory, to advise the Conference Lines.

7381. Would you give them also any authority to decide questions of rebate, whether a rebate ought to be forfeited or not?—Yes, I think that ought to be left to them. Of course, what I should like is that these committees are elected and that there is a proper supervision by the Government; in the same way as the Harbour Board officials are elected.

7382. Would not your elections be rather difficult? How would you elect at Bloemfontein, for instance?—According to the quantity that people imported and exported.

7383. According to the amount of freight?—Yes. I do not think that is very difficult.

7384. In the ports, I suppose, you are used to that sort of thing because you have harbour boards elected in that way?—Quite so.

7385. Do you remember the London Conference of nearly two years ago? Did you follow the proposals there?—Yes.

7386. What did you think of the draft agreement? There was to be no local provision there?—No, otherwise I think it is certainly better than the previous state of affairs.

7387. You want to keep this rebate system, but you want to have some control?—Yes.

7388. It would not be actually controlled; there would simply be various consultative bodies?—Mutual help—that is what I want. We have always been very much in favour of the Conference as long as our firm has existed here, and we should be very sorry to see a speculative business, because open competition would mean great speculation.

7389. You recognise that there are disadvantages and there are abuses under it?—Yes. We recognise that the Conference Lines have not exactly in the past years done what they might have done on several occasions, and one of the things we do feel very sore about was the competition of the Houston Line, when they first refused to let the Houston Line join the Ring. The Houston Line made these contracts at very low rates and then afterwards the Houston Line joined the Conference, and the loyal shippers absolutely had to look on.

7390. It would be a condition of the Houston Line joining the Conference; they would have to bring their contracts with them?—Yes, they brought their contracts with them, but I say they ought not to have let them join; they should have let the Houston Line fight it out, and the Houston Line would not have been able to carry it on.

7391. "At the conclusion, we should like to mention, "at this opportunity, that the German Australian "Steamship Company, which we represent, does not "receive from the German Government any subsidies "whatsoever." That is, direct subsidies, I suppose?—Any subsidies.

7392. These ships come down the East Coast?—No, they come down from the Continent to here and touch here and then they go to Australia, and then they go back to the Continent viâ the Suez Canal.

7393. They get reduced railway rates, I suppose?—No. I am absolutely certain of that.

7394. I will take your statement entirely. "Goods "shipped by these German boats are carried at the "same railway rates as those charged on goods shipped "by the Union-Castle Steamship Company, for in-"stance or any other British Line. On the other hand, "the German steamers have to pay consular fees at all "foreign ports, a tax which is unknown to British "merchant shipping"?—Quite so.

7395. What are these fees for—certificates of origin?—It is a charge without any service; it is to pay for the Administration of the consular offices. It is not known in Great Britain.

7396. Our principal consular offices are paid, but they are paid out of the Consolidated Fund?—There is no special tax on the shipping for that, but in Germany there is.

7397. Is there a special tax per ton?—Yes, if they are in a port longer than 48 hours. They are exempt from these charges as long as they enter and clear within 48 hours, but as soon as they stay longer than that they have to pay this tax to the German Government.

7398. Is it paid to the German Consul at the port?—Yes. It is an amount of revenue; it is a revenue tax.

7399. It is meant to pay the salaries of the consuls?—No, it is meant as a general contribution of the German shipping towards the administration expenses of the Consular Service.

7400. Have you the rates of that here?—I am sorry I did not bring them with me.

7401. Could you let me have them?—Certainly.

7402. You say, "These consular fees are a direct tax "on German shipping, and they amount to £2,500 a "year for our company"?—Yes.

7403. What is the total tonnage of the shipping of your company—the German-Australian Company?—I am sorry to say I do not know exactly.

7404. How many boats are there?—I can let you know all particulars.

7405. Is it 100,000 tons or 50,000 tons?—There are about 30 steamers.*

7406. Averaging about 4,000 or 5,000 tons?—About 5,000 tons. I should think it would be 150,000 tons. I would like to look that up and let you know exactly.

7407. (*Sir John Macdonell.*) What is the exact nature of your business, Mr. Spilhaus?—We are general importers.

7408. In a great variety of articles?—Yes.

7409. Articles of high value or articles of low value or articles of both high and low value?—Both high and low, but of course principally the articles of low value.

7410. Such as, for example?—Phosphates, cement, all the cheaper kinds of groceries, soap, and all that kind of thing.

7411. I think you stated you did not import textiles?—No; we do not import hardware or drapery.

7412. Do you export to any extent?—Yes.

7413. What articles do you export?—We export largely ostrich feathers, wool, and skins.

7414. So that you speak not merely as an importer on a large scale, but as an exporter on a large scale?—Certainly.

7415. How long has your firm been in this business?—Over 30 years.

7416. Carrying on the business both of exporters and importers?—Yes.

7417. Before going into details as to your answers, can you tell me what, in your judgment, is the general feeling in Cape Town with respect to the merits or demerits of the rebate system?—They are generally against it.

7418. And when you say "generally against it," do you express so far as you know not merely the opinions of the exporters but also the opinions of the importers?—I must say we had a meeting of exporters, and the majority of the exporters were in favour of maintaining the rebate system. I asked them to come to the Commission. I do not know whether they have done so.

7419. In favour of maintaining the system exactly as it stands or subject to modifications?—Subject to modifications. They wanted the rates lowered.

7420. Naturally. Would you say that the feeling, so far as the importers are concerned, against the

* Mr. Spilhaus subsequently wrote to say that the number of steamers was about 30, of an average tonnage of about 6,500 tons each = 195,000 tons.

rebate system was very much the same as it had been, or has it declined or varied in any way?—I think there was no feeling against the Conference before the competition of the Houston Line—at least I may correctly say there was no feeling against the Conference before the competition set in with the American business, where a great deal of friction was caused because the Prince Line competed with the existing Ring steamers and they took goods at the rate of 10*s.*, and we were told by the Conference Lines that we would be loyally supported and that we should fear nothing; that we would get the same rate of freight. The way they did it was this. They put on a fighting boat whenever an opposition steamer was on the berth. At that time we were importing large quantities of paraffin oil, and we found that whenever a fighting boat was on the berth our cargo was shut out. The cargo of the disloyal shippers was accepted by the fighting boat of the Conference Lines, and the cargo of the loyal shippers was shut out.

7421. They sought, in other words, to propitiate their enemies?—Yes; they did not mind damaging their competitors in the service by accepting the goods of their enemies' supporters, but they did not accept the goods of their own supporters.

7422. Relying on the loyalty of their customers, they were disloyal to them?—Yes.

7423. That is your point?—Yes.

7424. And in that circumstance, you think, originated the agitation against the rebate system?—I think that was the first disappointment that loyal shippers had. We ourselves felt very strongly on that. We were offered paraffin oil locally by a certain firm of importers who had joined the opposition—they offered to supply us locally, and we said we would not do it because we considered it was going past our agreement, that we should go on importing and that we were convinced that the Conference Lines would support us, but they did not.

7425. These events occurred some years ago, and nevertheless you would say that at the present time the feeling of importers on the whole is against the deferred rebate system?—Yes. The thing was revived again through the Houston competition. Then again there was some feeling which has been constantly agitated. But I think these defects were only defects of administration. I think those were occasions where the Conference Lines left us in the lurch. It is not the system we can object to, but only the way it was carried out.

7426. The origin of this discontent, according to you, was in these events that you have described. The faults to-day, if there are faults, are, you think, merely faults of administration?—Yes.

7427. In some of your answers you lay stress upon certain inconveniences that would follow under the system of an open free freight market, and some of these are mentioned, on the first page and at the top of the second page. You contemplate the possibility to a considerable extent of the same kind of cargo being taken by the Conference Lines in the same ship at rates which might vary greatly?—Yes.

7428. After all, is that objection likely to be a weighty objection? Is it not the case that at any given moment, roughly speaking, there is only a given amount of a particular kind of cargo to be shipped?—Yes.

7429. You cannot, for example, indefinitely increase the quantity of cement to be imported within the month?—No; it would have to stop somewhere. That is quite true.

7430. Taking one month with another and taking the chief commodities, there is only a definite quantity of any particular commodity to be shipped within the month?—Quite so.

7431. And, bearing that in mind, do you think the objection, which you state in the part of your memorandum to which I have referred, is a very formidable objection?—I think it is very serious. Supposing we imported 10,000 boxes of soap, for instance, at a low rate of freight, which would carry us for some months, and we considered that was as low a freight as we could possibly get; therefore, we take a quantity; and a competitor of ours gets later a still lower rate. We would be at a disadvantage.

7432. Of course, if that occurred it would be a disadvantage to you, but do you think that, as a matter of fact, it would occur very often?—I think it would very often.

7433. Notwithstanding the point that I put to you, you still think that this objection would be a serious objection?—Yes. Of course, the time would also come when we had got soap at a rate of 17*s.* 6*d.*, and our competitors a lot at 15*s.*, and we had again later a chance of getting another lot at 12*s.* 6*d.*, we would have to say, although we have now the chance of getting it 5*s.* better we do not consider ourselves justified in increasing our stocks any further.

7434. You gave my friend some light—only a little light—about the nature of the compact between the various members of the Shipping Conference?—I know too little about that.

7435. I was curious to know whether you would raise the curtain a little more?—No. I really do not know enough about the compact.

7436. I was going to ask you to introduce a little more light, but if you say you would rather not I will pass away from it?—Really I know too little about it.

7437. You speak in one part of your memorandum about the excessive high freight rates, and you say that the first complaint was made several years ago, when the Houston Line commenced competing. I suppose, Mr. Spilhaus, many of the rates—I was inclined to say, the majority of the rates—were higher previous to that time than they are now?—No rates have been increased since then. All the alterations have been decreases.

7438. And a considerable number have been decreased?—Yes.

7439. Then how do you account for the fact that, as I understand your explanation, previous to this contest there was not much discontent, and since that contest there has been discontent?—With everybody getting the same rate of freight we were quite satisfied. That is really what it is. It was only when it was pointed out to the merchants that they should get lower rates of freight that people thought, "If we can "get lower freight, we must try and get them."

7440. In other words, the great body of the importers made no remonstrances or complaints with respect to rates, which, as a rule, were higher than the present, so long as they were equally imposed upon all?—That is quite so.

7441. Dealing with the class of commodities which you have to do with, and they are, as I understand, very numerous, do you think that in the ordinary course of trade if there is a reduction in the freight, we will say, to the extent of 10 per cent., all or a large proportion of that reduction passes to the consumer?—Yes.

7442. Take such an article as you have mentioned more than once—soap—will you just show me——?—To the actual consumer? That is a very difficult question. Taking the article of soap, soap is cut already so fine; the shopkeeper is hardly making any profit on that at all, so, supposing he buys the soap 3*d.* a box cheaper, the shopkeeper will get the benefit of it. It is the same with regard to milk.

7443. Therefore, one must take with some reservation any general statement to the effect that if there is a diminution in freight, the diminution will necessarily, in part, to say nothing of the whole, pass to the consumer?—It will tend towards decreasing the cost to the consumer, but it will not always have a direct effect.

7444. Take the article which you named; in your view, it would be highly improbable that the actual consumer would benefit by a reduction in freight to the extent of 10 per cent?—He could not.

7445. Of course, if I were to name a much larger figure—say, 20 or 25 per cent.—probably, your answer would be different?—It depends on the article. If you take salt; if you increase the freight on salt by 10*s.* a ton, it would not have any effect on the consumer, because a bag of salt is sold wholesale at 4*s.* per 200 lbs.; the retail price per single lb. is 1*d.*, which means 16*s.* 8*d.* that the shopkeeper gets. Supposing you increase it by 10*s.* a ton, it would mean an advance of 1*s.* a bag. Surely, the shopkeeper will not alter his retail price, whether he pays 4*s.* or 5*s.*

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7446. Passing from the case of soap to articles familiar to you which are largely consumed by the ordinary householder, should you say that a reduction in the freight to the extent of about 10 per cent. would affect the price to the consumer?—On most articles.

7447. On most imported articles which are consumed in an ordinary household in Cape Town or in any other town in South Africa?—It is most difficult to say what effect it has. Of course, we always have changes of duties here, and there it gives us always a good guide. Supposing there is only a small rise in the price of duty it has no effect, but whenever the rise is severe it will have an effect naturally.

7448. I am putting to you the case of a fall of 10 per cent. in the freight, and inviting you to draw upon your experience of similar alterations, if any, in Customs duties?—I suppose a reduction like that will gradually tend to reduce the cost of living, but it will take a long time. I must say I do not think a reduction of 10 per cent. will have much effect on the retail prices. The retail prices are affected more by competition than anything else. Supposing the competition is severe, and a 10 per cent. rise in freight occurred and the competition remaining as severe as before, the 10 per cent. rise in freight would not affect retail prices although some of the shopkeepers might go bankrupt, because they cannot make a reasonable amount of profit any more.

7449. It is quite possible that the shopkeeper would have to bear the loss?—If he bears the loss, it might come to that, that a good many shopkeepers would fail; then the remaining shopkeepers would be able to raise the price.

7450. At all events, you are not disposed to say that a decrease of 10 per cent., even in the long run, must necessarily mean a decrease of 10 per cent. to the actual consumer?—No.

7451. So that in the long run he may obtain either no portion of the diminution or only a very small portion?—Yes.

7452. In one portion of your interesting memorandum you lay stress upon certain advantages of the deferred rebate system, and the purport of some of your observations is to show that it tends to bring into the field a better class of steamer?—Yes.

7453. Might I call your attention to the fact that in the Atlantic trade there is no deferred rebate system. Would you say that that defective service which you dread for South Africa was very perceptible in the Atlantic trade, where there is no deferred rebate system?—No, but I do not think we can really compare this with the Atlantic trade on account of the enormous quantities that are carried from America to Europe. I think that the quantities are so great that it is in itself sufficient warranty——

7454. I may tell you that I anticipated that would be your reply, and probably I am right in saying you think that the deferred rebate system is an advantage here owing to the comparatively small amount of trade, at all events so far as return cargo is concerned. That is what you intend to put?—Yes.

7455. You make certain observations with respect to the through rates from Germany. Do I understand that the enquiries you made related solely to through rates from one particular town in Germany to Cape Town?—No; from all inland towns.

7456. How were you able to get an answer with respect to all inland towns?—We put that question to the German Australian Steamship Company, and they told us such was not the case; and I am quite sure they would not give us that determined reply if there was any sort of benefit. I am certain it is correct.

7457. There seems to be no doubt that as regards certain ports in South Africa through rates can be obtained from Hamburg, amongst others to Delagoa Bay and Durban and certain towns upon the East Coast of Africa?—Yes. I have heard about those, but I am only talking of Cape Town, and I am quite sure regarding Cape Town and the trade through Cape Town. Of course, with regard to Durban and Delagoa Bay, I know there is some special arrangement, which I do not know anything about in detail.

7458. You confine your answers simply to inland towns of Germany and Cape Town?—Yes.

7459. You see, as I think your answer to my friend admitted, some objections to the present system of deferred rebates, under which there practically comes no time in which the merchant can recover the rebates that are due to him?—Yes, I do.

7460. I am not for the moment inviting you to go into the question of the constitution of your proposed Committee. How would you correct that defect?—The defect of the deferred rebate?

7461. The defect of the deferred rebate?—I do not think, even if we had a committee we could alter that defect. That is a defect which we have to bear in consideration of the advantages we get through the Conference. You cannot get anything without paying something for it, and I must say it is a disadvantage; it is agreat inconvenience to merchants——

7462. I am inviting you to consider whether the hold which you suggest it is necessary the Shipping Conference should have could not be reasonably obtained if there were, so to speak, a jubilee year occurring from time to time when a balance should be struck and the shipper start afresh?—What period would you suggest?

7463. That is rather a question I am putting to you, whether it would not be possible to arrive at some reasonable period?—That might be done, but I do not think it would improve the position very much. Supposing you had a period, then it would mean that if opinion changed very much during that period, at the end of it open competition would set in.

7464. Might it not mean to a large shipper the difference between forfeiting say, £5,000 or £6,000 and forfeiting £1,000?—Yes.

7465. And would not the liability to forfeit say the sum of £1,000, even in the case of a large shipper, in your view, be a reasonable hold?—Yes. The difficulty is the term. Of course it would be an advantage for us not to be liable for forfeiture. It would be very nice if the steamship companies could simply make the merchants sign contracts not to ship by anybody else. Of course, a good many would do it, and a good many would not do it. That is the worst of it. I am sorry to say it is not everybody who would carry out the contract. It would mean going to law. It is a difficult thing to think of any system which is easier to work and which would give the same results.

7466. If you tell me that you have not reflected fully over this point, I do not know that I need put this question to you?—Yes, I have. What I understand is, that you suggest a period. Now, supposing we say five years, the steamship companies would say, "In "five years we might be thrown out altogether, we "will not build another steamer, we will not go in for "this improvement," and it will stop the improvements of the service, I think—any stipulation like that.

7467. I am sorry to bring you back to the Atlantic service again, where there is no deferred rebate system. Has there been any great stoppage of improvements there?—No. I do not know whether it is the right argument, but I think it is simply the question of the quantity that weighs in that case.

7468. There is another point respecting which I do not think you have been asked any question, and that is, has your line any regular classification?—Yes.

7469. It has a published classification?—Yes.

7470. A published classification which any customer can obtain?—Yes. The Chamber of Commerce asked for it, and we gave it to them.

7471. How long has that been published?—I do not know. We get these books sent to us.

7472. Do you see any difficulty in the way of the English members of that Shipping Conference publishing either the same classification or one on similar lines?—We have not asked them for one.

7473. That is hardly an answer to my question. Do you see any difficulty in the way of their preparing a similar classification?—I think they certainly should publish a classification.

7474. And if you were told that the reason why they did not publish such a classification is, that variations in the classification of articles must from day to day occur, would your answer be——?—The Conference should publish the alterations.

7475. You have spoken about the large quantity of tonnage that is available for the export and the import trade in South Africa. I rather think the effect of your evidence was, that you thought it was in excess of the requirements?—The shipping tonnage is at present in excess of the requirements.

7476. Could you tell me whether you think it is in the very nature and essence of a Shipping Conference or Ring that its tonnage should be inflated?—I think it is very likely that they have considered that; that they have come together and considered whether it would not be advisable that each of them should reduce their service somewhat.

7477. That is very nearly an answer, but not quite an answer to my question, which was, whether it is not a consequence—I will not say inevitably, but probably—of the existence of a Conference, that its tonnage should be inflated; that one of the most obvious ways of meeting opposition is to bring in prospective or actual competitors, with the ultimate result that the tonnage is inflated?—Yes, I think that is the case.

7478. That you should say is the case?—Yes, but I would like to point out that I consider it better to have more frequent opportunities than to pay lower rates. There is no doubt about it that the more tonnage you have available the higher the rates are.

7479. Excessive tonnage means, in the long run, excessive rates?—Yes, I think so.

7480. There can be no alternative?—I do not think so.

7481. Your steamers, as I understand, come out to South Africa by the West Coast?—Yes.

7482. Then they proceed to Australia and they return—touching at South African ports?—No; they touch at Java and then go through the Suez Canal.

7483. They are, therefore, able to get, I should say, pretty nearly always a return cargo?—Yes, always part return cargo.

7484. On the other hand, there is the set off that going through the Suez Canal they have to pay high dues?—Yes.

7485. Perhaps, I do not expect you to answer this question, but I will put it to you. Thinking of the rates which you charge, and thinking of your service, and thinking of the rates which the English members of the Conference Lines charge—do not answer if you do not think fit to do so—should you say that the charges of the English members were excessive?—I do not quite understand you. The rates are the same.

7486. But if the services differed, if one service differed from the other, if the one is less costly than the other, then you would expect that the one which is the more costly service would be getting less remuneration. Do you follow me?—Yes.

7487. Are you prepared to express an opinion on that point?—Certainly, the line which works the cheapest will get the most benefit.

7488. Which of these two would, in your view, work cheapest?—I maintain we can work cheaper.

7489. That the German Line can work cheaper?—Yes, we can compete.

7490. You say, that one advantage of the present system is that the small man gets the same terms as the large man?—Yes.

7491. In fact, is the importation to Cape Town and other South African ports done to any considerable extent by small men?—Yes, a great deal. We do not like it, but it is done.

7492. I am only asking for information. It is not the case that there is a very large concentration of the importations in the hands of a small number of firms?—No, that used to be the case. It is not so any more. Especially after the war, the small man started importing because a great deal of attention had been drawn to South Africa, and the manufacturers sent their representatives and induced the smaller people to indent.

7493. And I suppose you would argue that it was an advantage of the deferred rebate system that this tendency, of which you speak, should not be impaired, that the small man, coming more and more in evidence since the war, should continue to do so?—Yes, although I do not think it is exactly in the interests of the wholesale merchants, I think it is in the interests of the country, generally.

7494. I note your candour; you, speaking as a large importer, admit that. The next point I would like some information on is as to the functions of these various standing committees which you suggest. Their composition, as I understand, is to be so many members representing the local importers and exporters, and so many members representing the shipping interests. Is each member of the Conference to have a representative?—I think that would be the best—each line of the Conference to have one vote only.

7495. So that if there were 20 or 30 importers and 7 members of the Conference, it would be 20 to 7?—Oh, no. I mean that the importers should have the same number of representatives as the shipping companies. I have not got the number of lines that are in the Conference, in my head, but supposing there are seven shipping lines, that those seven shipping lines would have seven representatives, and that the merchants, importers, and exporters would also elect seven.

7496. And that there should be a neutral representative, who, you suggest, should be the representative of the Customs at the port?—Yes, or another civil servant appointed by the Government.

7497. Supposing that committee at a particular port is unanimous in regard to a particular matter which is of common interest to all the ports of South Africa, and supposing that at another port the committee at that port arrive at a decision respecting the same matter diametrically opposite, what then is to happen?—I think the committees could only decide upon questions which would affect their own port. I do not think it would be for them to decide on questions of general policy. East London would always be in favour of having a big difference between East London and Durban, and Durban would always be in favour of no difference at all.

7498. You are not very far from the supposition which I was making. I am putting to you the fact that there have been, and that there may be, competing and conflicting interests between the various ports. I am putting to you the possibility of the various local committees each championing the interests of their own particular port, and I am asking you, what is the way out of such a difficulty?—Of course, as I say, the decisions of these committees can never be taken as final, they can only be taken as recommendations to the Conference. You could not have it that the majority of the committee at Cape Town decide that this and this should be done, and that their decision should be binding on the Conference.

7499. So that the solution which you recommend is quite inapplicable to any class of questions which raise conflicting interests between different ports?—Yes.

7500. And you might have the system which you recommend in full operation, and at the same time you might have the Conference—shall I use the expression—playing off one port against another port?—Yes.

7501. You might have the Conference taking up the interests of Natal or Durban, as against some other port?—The Conference Lines might.

7502. And this solution which you speak of would not clear away any of these difficulties?—No.

7503. Ought these difficulties to be cleared away?—Of course, I have not thought over that further, but that might be done by an inter-Colonial Conference, composed of delegates of the various central committees.

7504. I would like to have your opinion upon that, because I am much interested in what you suggest. As a supplement to your first proposal, you think it would be necessary to have some inter-Colonial Conference?—Yes, I think so.

7505. On that inter-Colonial Conference you would have represented the Shipping Conference?—They certainly should be.

7506. Supposing that the Shipping Conference declined to assent to or carry out the monition or advice

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of these various conferences or committees, what then do you suggest?—There is no possibility for us to compel the shipping companies. I only want to say we would be in a better state than we are at present, because I think what the majority recommend, if the shipping companies think it is possible to do it, they will carry out, because they are represented by an equal number of people as merchants, and they will bring forward any difficulties against the proposals of the merchants.

7507. In the first part of your evidence you call attention to the fact that a majority of the members of the Conference did arrive at a decision which, in your view, was an inexpedient decision?—I think that if at that time joint action had been taken by the merchants—if a committee like what I suggest had existed—the Conference might have thought the matter over.

7508. At all events, you candidly mentioned an instance in which the majority of the Conference did arrive at a decision and did carry out a decision, in your view, highly inexpedient?—Yes.

7509. And I am putting to you the possibility of such decisions in the future?—Yes. There is also the chance that they will not take our view, but I think when the merchants are represented by a committee such as I suggest, the Conference will think more seriously of their recommendations and the merchants will modify their demands.

7510. I am leading you all this time to one question, which I am asking you to consider. It is this: Is there not a class of difficulties which no committees, no conferences, nothing short of legislation, could remove?—Which is that?

7511. I preface my question by what I suppose you will be able to answer. At the present time is there practically a monopoly?—Yes.

7512. That monopoly you think ought to be regulated in some respects?—Yes.

7513. And that monopoly might occasionally turn out to be oppressive?—Yes.

7514. I put it to you whether the only way of preventing that oppression is to give powers by legislation to some body or bodies able to enforce their opinion. What do you say to that?—Yes, I suppose that would be best. You mean to say a Court of Appeal or Arbitration?

7515. I am not anxious for you to commit yourself to any precise machinery. I can well understand that you would decline to do so, but I have invited you to consider the question that I have been putting to you, and I gather that you think it might well be that in the last resort there should be some power armed with legislative authority?—Yes, as a last resource.

(*Chairman.*) We are very much obliged to you, Mr. Spilhaus, for your evidence and the excellent suggestions which you have made.

(*Witness.*) I wish to apologise for the absence of the senior of the firm, who hears very badly; otherwise he would have come himself. He thought it might be an inconvenience if you had to raise your voice to him.

(*Sir John Macdonell.*) I doubt whether anyone could have given evidence more clearly than you have, Mr. Spilhaus.

(*Chairman.*) We have now come to the end of the evidence to be taken in South Africa. We have had very valuable evidence in the four Colonies, which will be carefully weighed and considered by the full Royal Commission in London. I should like to say that the proceedings have been well reported by the Press wherever we have gone, and as regards the verbatim report which has been necessary, I have been very much struck with the ability with which our shorthand writer, Mr. Lamb, of Pretoria, has performed his work. Many of the witnesses have been surprised at the extreme accuracy with which he has taken down these proceedings, which are somewhat of a technical character. I am sure I may say, on behalf of my colleague and myself, that we are very pleased to have been so well helped in that respect.

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